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among the most... anti-smoking... surgeon general...

Marjo St. James... bright beacon... after 13 years...

The singer... and her... husband...

John Deere... the new... model...

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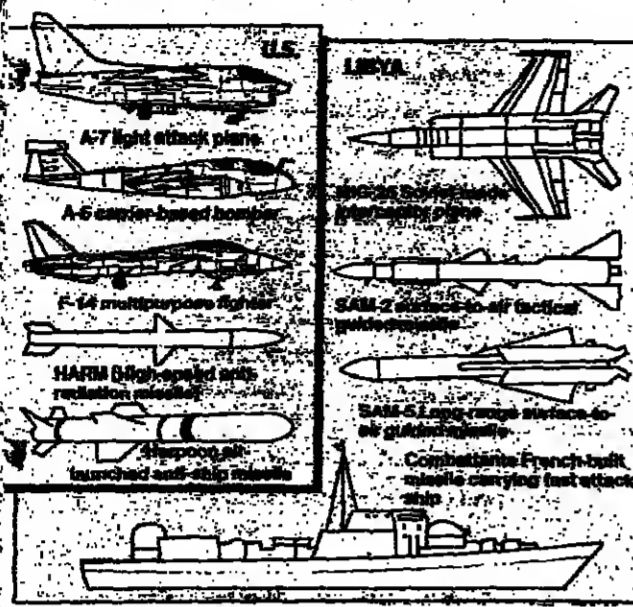
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PARIS, SATURDAY, MARCH 29-30, 1986

ESTABLISHED 1887

New Jet Tactics Against Libya



Some of the military hardware used in the conflict.

Pilots Kept Well Away From Targets

By Richard Halloran... WASHINGTON — In its air attacks on Libyan missile sites and naval craft, the U.S. Navy used new tactics that U.S. military analysts in and out of government say enhanced the safety of its pilots without reducing the effectiveness of its firepower.

Flyers Found SAM-5s To Be Tough Opponent

By Karen DeYoung... WASHINGTON — The U.S. military "learned something we didn't know before" when Soviet-built SAM-5 missiles were fired at U.S. aircraft for the first time this past week, according to three aircraft carriers taking part in U.S. naval maneuvers off the coast of Libya.



The Cross Leads the Way in Jerusalem

Pilgrims making the stations of the cross Friday on Jerusalem's Via Dolorosa on their way to the Church of the Holy Sepulchre. Crowds appeared thinner than in previous years. Shopkeepers said many were scared away by the tensions in the Middle East.

Senate Approves Rebel Aid

53-47 Vote Sends Nicaragua Issue Back to House

By Steven V. Roberts... WASHINGTON — The Senate has narrowly approved President Ronald Reagan's request to send \$100 million in aid to the guerrilla forces trying to depose the Sandinist government in Nicaragua.

IMF Sets Aside \$3 Billion for Poor Nations

By Hobart Rowen... WASHINGTON — The International Monetary Fund has announced a new loan pool of \$3 billion to support growth-oriented economic programs in deeply depressed countries, largely in sub-Saharan Africa, over the next six years.

James A. Baker 3d, the U.S. Treasury secretary, withdrew his plan, acknowledging that it had been perhaps 'too innovative.'

At a recent meeting of IDA deputies in London, a goal of \$12 billion was set for the next three years. That would comprise \$9 billion to match the expiring IDA-7 program; \$1.5 billion to duplicate the existing special IDA-related loan facility for Africa, and an additional \$1.5 billion to match the new IMF money pool.

ON PAGE 4

Colonel Qaddafi may have gained from the recent conflict, diplomats said. Soviet advisers remained away from scene of U.S. attacks at the Sirte base.

George Shultz said that the United States would continue to confront Libya. The 6th Fleet commander, Vice Admiral Frank B. Kelso 2d, said "it's a very fast and capable missile for what it was designed to do."

Mengele Identified With 'Certainty'

Scientists Say Dental X-rays Prove Remains Are His

By Alan Riding... RIO DE JANEIRO — U.S. and Brazilian scientists have announced that dental records, recently discovered after some deft detective work, provided definitive proof that a skeleton exhumed near São Paulo last year was that of Josef Mengele, the Nazi war criminal.



Dr. Lowell J. Levine, forensic consultant with the New York State Police, displaying dental X-rays in São Paulo.

13 Hindus Are Killed In Sikh Militant Attack

By Sanjoy Hazarika... NEW DELHI — Sikh militants killed at least 13 Hindus on Friday and wounded 20 in attacks in the Punjab city of Ludhiana.

Most of Europe's Clocks Gain an Hour Sunday

PARIS — Clocks will be moved ahead early Sunday morning in Eastern and Western Europe, as most European nations switch to summer time.

Reports on Waldheim Evoke Anger in Austria

VIENNA — Allegations that Kurt Waldheim, the former United Nations secretary-general, was involved in Nazi war crimes touched off a bitter reaction in Austria on Friday against his accusers in the World Jewish Congress.

INSIDE

Georges Besse, chairman of Renault, announced 1985 losses of \$1.5 billion. Ferdinand E. Marcos was accused of diverting more than \$1 billion from the Philippine sugar industry. Safety standards on U.S. airlines are declining, a study found.

# Ethiopian Rebels Kill 2 in U.S. Aid Program

By Blaine Harden  
Washington Post Service

NAIROBI — In the first direct attack by rebel soldiers against relief workers in Ethiopia, two employees of the American relief agency World Vision were shot to death early this month in the dining room of their residence compound in the northern town of Alamata.

Western diplomatic sources said the attack marked the beginning of a guerrilla offensive by the Tigre People's Liberation Front, or TPLF, a well-armed, highly disciplined rebel army that has been fighting for more than a decade in northern Ethiopia against the Addis Ababa government.

According to these sources, who are in contact with the rebels, the group has warned since the Alamata shooting that it does not want Western relief workers in its



area and that it will continue to attack them.

The warning threatens an effort by the U.S. Agency for International Development to feed 270,000 famine victims by moving food north beyond government-controlled territory into a region contested by the Tigre rebels.

"It appears that the TPLF does not want its people to get food

from the government side," Fred C. Fischer, chief AID official in Addis Ababa, said Friday. He said AID's program in Tigre, which is carried out by World Vision, is temporarily "on hold."

While food supplies in northwestern Tigre are adequate at the moment, Mr. Fischer said it was likely that the area would need large shipments of food aid in late April and May to avoid widespread famine. There is plenty of relief food in Ethiopia, he said, but it cannot be safely transported to the people who need it.

The Alamata attack, which has received almost no publicity outside of Ethiopia since it occurred three weeks ago, was denounced Thursday in Washington by an AID spokesman who called it "outrageous and indefensible."

The March 8 killing of the two World Vision workers, both of whom were Ethiopian nationals,

puts the U.S. government in an awkward and politically embarrassing position.

For at the same time as it is distributing food through World Vision in Ethiopia, AID is also working in Sudan to distribute food "through the back door" to famine victims in rebel-held parts of Tigre.

According to a Sudan-based official for the Relief Society of Tigre, an arm of the Tigre People's Liberation Front, that distribution is handled for the U.S. government through the American-based Lutheran World Relief organization. Lutheran World Relief, in turn, turns American food over to the Zambief Society of Tigre, which trucks it across the Sudan border into rebel-held areas of Ethiopia.

The U.S. connection to the Tigre People's Liberation Front has been quietly tolerated by Ethiopian government officials for more than a year.

In a statement on the Alamata shooting, the rebel group has said that the death of the two World Vision workers was an accident that occurred when they were caught in cross fire between rebels and government soldiers.

World Vision and AID officials in Addis Ababa, however, said Friday the killings were deliberate and that there were no government soldiers within 20 miles (30 kilometers) of the incident.

"It is clear that the TPLF knew who they were killing," Mr. Fischer said. "They were in a World Vision compound. They went into the World Vision dining hall. All the people identified themselves as World Vision employees and they systematically shot them."

The dead were two women, a nurse in her mid-50s and a nutrition assistant in her mid-20s.

# Marcos Tied to \$1-Billion Sugar Fraud

By William Branigin  
Washington Post Service

MANILA — Investigators looking into the Philippine sugar industry have concluded that associates of Ferdinand E. Marcos diverted more than \$1 billion from sugar producers over the last decade, according to a document prepared for the government of President Corason C. Aquino.

The findings indicated that the sugar industry was one of the major sources of funds removed from the Philippine economy during Mr. Marcos's 20-year rule.

The initial findings were assembled by a team from the sugar industry working under the auspices of the revamped Philippine Sugar Commission, known as Philsugcom.

A four-page summary of the findings lists 21 areas of "anomalies" in the industry that are said to have resulted in losses of at least \$1.15 billion from 1975 to 1984.

The summary lists the main beneficiary of the "anomalies" as National Sugar Trading Corp. Essentially a trading monopoly, it was established by Mr. Marcos in 1974 and headed by a close associate, Roberto Benedicto.

Investigators said they believed the funds extracted from the sugar industry represented one of the largest single sources of billions of dollars alleged to have been channeled abroad by Mr. Marcos, his family and associates.

The industry also was used as a source of "political payoffs" to a broad range of people within Mr. Marcos wanted to reward, including politicians, military officers and even Moslem rebels who surrendered, as well as to his relatives and friends, the investigators said.

During the inquiry, investigators said they looked into activities of General Fabian C. Ver, the former armed forces chief of staff; Pacifico Marcos, the former president's brother; Mr. Marcos's wife, Imelda; and another close associate, Antonio Florendo, whom they said they believed benefited as middlemen in the sugar-trading monopoly.

They said Mrs. Marcos was a silent partner with Mr. Florendo in a New York sugar refinery, which made millions of dollars by underpaying for Philippine sugar.

The "plundering" of the sugar industry, as it is being described by one government official, has assumed a significance beyond the loss of a huge amount of revenue over the years, establishing to industry and government officials.

It is seen as a factor in the industry's severe depression, which was compounded by low world prices. The result has been widespread unemployment affecting as many as half the country's 600,000 sugar workers, malnutrition that has claimed the lives of hundreds of

children on the sugar-producing island of Negros, and a dramatic growth of Communist insurgency in sugar-producing areas.

While drastic decreases in the world sugar price in recent years would have caused a major scaling-down of the Philippine sugar industry in any event, critics of the Marcos government have long contended that most of the dislocations of the current crisis probably could have been avoided if not for damage they attribute to Mr. Marcos and his associates.

Manipulation of the sugar industry "has a direct connection" with the poverty, hunger and rebellion on Negros, said Mary Concepcion Bautista, a member of a presidential commission investigating Mr. Marcos's wealth.

According to Fred J. Elizalde, a former Marcos appointee to the government sugar-trading monopoly, the raising of the sugar industry took place largely during the late 1970s. Mr. Elizalde is officer-in-charge of the Philippine Sugar Commission under the Aquino government.

Investigators say the major beneficiary of the frauds, Mr. Benedicto, is a former law school classmate of Mr. Marcos who was appointed to head Philsugcom in 1977.

Government investigators say that Mr. Benedicto fled about the same time as Mr. Marcos and is

believed to be in the United States. Philsugcom was created by Mr. Marcos to promote the development of the sugar industry by consolidating all sugar-related governmental and regulatory functions under one agency.

In 1974, Mr. Marcos also decreed the establishment of Philippine Exchange Co., called Philex, to act as the country's single sugar-trading arm. The decree permitted Philex to collect commissions from sugar producers amounting to 2.5 percent of gross sales and to put profits into a special government fund "subject to the disposition of the president for public purposes."

In 1977, Mr. Marcos issued another presidential decree creating National Sugar Trading Corp., headed by Mr. Benedicto. Natsutra then took over the sugar-trading functions of Philex as the sole agency for buying and selling the commodity.

Around the same time, an allocation system was established in which sugar for the domestic market was allotted, essentially by Mr. Marcos, to industrial users and "preferred" traders, according to industry sources.

Meanwhile, Philsugcom gained control of the bankrupt Republic Bank, establishing it as Republic Bank to provide financing for the sugar industry. It also acquired sugar refineries under a subsidiary to consolidate control.



Roberto Benedicto

According to the findings, one major source of losses was a "longer marketing chain" created by the monopoly, in which "paper traders" were favored with allocations empowering them to buy and sell sugar. Often they simply sold their rights to actual traders at a markup. The summary estimated total losses from this practice at \$204 million from 1975 to 1984.

By and large, these were straight handouts to favored people, said one sugar industry official. "They were political payoffs, a way of keeping his people happy. These were people Marcos needed to maintain political power."

# South Africa Threatens New Steps to Halt Unrest

JOHANNESBURG — South Africa said Friday that it would take stronger action against "barbaric radicals" unless there was a decrease in unrest that has claimed 1,400 lives in two years.

The state-run radio station carried the warning after a black policeman was killed and set on fire overnight. He was the 33rd police victim since February 1984.

"The South African government is not going to be toppled undemocratically by anarchy or anyone," the broadcast report said. "It is too powerful and strong for revolutionaries and their foreign backers," it said, referring to one point to the Soviet Union.

The report was carried by Radio RSA, the external service of the South African Broadcasting Corp. It said, "If black communities continue to prove themselves unable to put barbaric radicals in their place, the government will sooner or later be forced to use its might to assist the vast majority of moderate blacks to end the unrest."

The policeman was killed and his body set on fire at Tembisa, near Johannesburg, police said.

Radio RSA said Pretoria had used its security forces to only a limited extent so far but that black communities appeared so intimidated by radicals that they were unable to end the violence without stronger support.

The radio report said ending the unrest would pave the way for constructive negotiations with blacks without the disruptive influence of what it called the Soviet Union's "terrorist tools wielded by barbarous radicals."

# Christians In Lebanon Ask U.S. Help

BEIRUT — Leaders of the Lebanese Forces militia accused the Syrian Army on Friday of bombing Christian areas and urged U.S. and Arab League intervention to halt what it called massacres.

In statements issued in Beirut and Washington, the Christian militia said that Syrian artillery had pounded Christian sections of East Beirut and more than 30 villages in the central mountains for six hours on Thursday, killing 12 persons and wounding 27.

The militia called on the Arab League "at once to stop the Syrian aggression" and, in Washington, urged "the free world, especially President Reagan, to intervene to stop this massacre."

Fighting broke out again Friday in Beirut and the central mountains, but the police said it was less intense than on Thursday. There were no immediate reports of casualties in the fighting Friday.

In Christian-dominated East Beirut, residents came out of their basement shelters Friday to inspect dozens of cars, apartments and offices wrecked by the hail of hundreds of Soviet-made rockets and shells.

The attack had eased Thursday night although no official cease-fire had been called.

The militia accused Syria of "transforming Lebanon into a launching pad of terrorism against its own people as well as sister and friendly countries."

It was the militia's harshest criticism of Syria since the Christians discovered a Syrian-brokered pact to end Lebanon's 11-year civil war in mid-January.

Meanwhile, President Amin Gemayel of Lebanon left Beirut unexpectedly for Austria on Friday in what officials described as a private visit. They declined to provide details.

# WORLD BRIEFS

## Goukoni Refuses Talks on Chad War

PARIS (AFP) — Goukoni Oueddei, the former Chadian leader, will not take part in talks in the Congo with President Hissene Habré aimed at ending the country's 20-year civil war, a representative of Mr. Goukoni's rebel alliance said here Friday.

Abderahman Moussa, the Paris spokesman for Mr. Goukoni's Libya-backed Transitional Government of National Union, said the deposed president had refused to attend the talks unless the Organization of African Unity condemned France's most recent intervention in favor of Mr. Habré's administration.

He said that in order for the conference to take place, the alliance was "waiting for the Organization of African Unity to denounce clearly French intervention in Chad and not to support it through its silence." Mr. Habré, who drove Mr. Goukoni from power in 1982, arrived in Brazzaville on Thursday for the talks, scheduled to take place this weekend in the southern Congolese town of Loubo.

## Stevenson Won't Run as Democrat

CHICAGO (LAT) — Adlai E. Stevenson 3d has said he will seek the Illinois governorship as an independent candidate, not as a Democrat, to avoid being on the same ticket with two extremists who won upset victories in the recent state primary election.

Mr. Stevenson said Thursday that he planned to use the courts or legislation to seek a change in Illinois election laws, which require independent candidates to have filed to run by last December. If he fails in that attempt, Mr. Stevenson said, he will run as a third-party candidate rather than share a ticket with party members whom he and other Democratic candidates referred to as "these bizarre, extremists."

The announcement Thursday was designed to bypass the candidacy of Mark J. Fairchild and James Hart, supporters of Lyndon H. LaRouche Jr., an extremist. In the March 18 primary voting, they defeated Mr. Stevenson's hand-picked candidates for lieutenant governor and secretary of state. Illinois law requires each party's nominees for governor and lieutenant governor to run as a team.



Adlai E. Stevenson 3d

## Consultations on SDI Pact Arranged

FRANKFURT (Reuters) — Economics Minister Martin Bangemann said Friday the United States had agreed to establish consultation centers in Bonn and Washington to deal with any "difficulties which might crop up" with a new agreement to join in research on the U.S. space-based missile defense program.

West Germany on Thursday became the second U.S. ally, after Britain, to formally agree to take part in the U.S. Strategic Defense Initiative, or SDI. The pact includes a general agreement on participation by West German industry in SDI research and an agreement on technology sharing, Mr. Bangemann said.

He said the agreement meant that West German companies involved in the research would be on an equal footing with their U.S. counterparts and that legal rights, such as patents, would be fully observed.

## U.S. Cuts Off Nonfood Aid to Sudan

WASHINGTON (AP) — Most U.S. aid to the Sudan has been cut off since February because that country has not been able to meet its loan repayment commitments to the United States, it was disclosed Friday.

A State Department spokesman, Charles E. Redman, said planned aid for 1986 totaled \$152.5 million. Of that, \$50 million in food aid has not been suspended because it is considered emergency assistance and is exempted from U.S. repayment governing aid cutoffs, Mr. Redman said.

Mr. Redman also said it was "most timely" for the Sudanese government to have called on Libya to assist the government in putting down a rebel movement in southern Sudan. After several recent reversals, he said, Libya bombed the town of Rumbek at Sudan's request. Rumbek was taken early in March by southern rebels, who receive support from neighboring Ethiopia.

## Police Office in Japan Is Attacked

TOKYO (AP) — Three homemade missiles were fired Friday at a police headquarters in Osaka but they failed to explode, the police said. The van from which the projectiles were fired exploded and burned about 300 yards (90 meters) from the police headquarters, officials said. Witnesses said they saw a man walk away from the van about 30 minutes before the missiles were launched.

On Tuesday, homemade missiles struck the U.S. Embassy and the Imperial Palace in Tokyo. A leftist group, the Battle Flag faction, on Friday claimed responsibility for those attacks, in which no one was injured. The police said they believed the attacks were designed to disrupt the May 4-6 Tokyo summit meeting of industrialized nations and April 29 celebrations marking Emperor Hirohito's 60-year reign.

## Czechoslovak Presidium Re-elected

PRAGUE (Reuters) — A five-day congress of the Czechoslovak Communist Party ended Friday with the re-election of the same leadership that has ruled for 15 years.

The 11-member party presidium was re-elected in a closed session Thursday night. There appeared to have been no opposition to the re-election of Gustav Husak, 73, the party's secretary-general. The Prague leadership was closely associated with Leonid I. Brezhnev, the Soviet leader whose rule has been denounced by Mikhail S. Gorbachev. Mr. Gorbachev succeeded Yuri V. Andropov, who assumed the Soviet leadership upon Brezhnev's death.

## For the Record

President Chadi Bendjedid of Algeria left Moscow on Friday after a visit described in a communiqué as cordial and friendly. (Reuters)  
The U.S. Air Force said Friday it is canceling a \$3.5-billion program to build a new T-46 jet trainer. It cited cost, schedule delays and manufacturing problems. Fairchild Republic Co. said that because of the cancellation it might have to close its plant on Long Island, New York. (AP)

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# Troubled Times for Korean Graduates

## Scarcity of White-Collar Jobs Stirs Protests, Frustration

SEOUL — One year after leaving college, Kim Ho Gil, 23, a graduate in psychology, still cannot find a white-collar job and drives a taxi in Seoul.

"I'm still looking for a worthy profession," he said, "but I'm happier than some of my classmates who are jobless."

Mr. Kim is typical of thousands of Korean college graduates who have been unable to find suitable work due to Seoul's slowing economy and rising unemployment.

Some with top degrees are working as shopkeepers, gas station attendants, waiters, textile workers or construction workers — jobs they previously would have spurned.

When a company in Seoul offered 160 graduate openings in November, more than 8,000 people applied.

Job-seeking graduates criticize the government for increasing the number of college students in recent years under the so-called "graduation quota" system, which allows universities to enroll up to 130 percent of capacity.

The excess students drop out for poor performance before completing their courses and further aggravate the unemployment situation. The nation's opposition says the quota system, introduced in 1981, is designed to curb demonstrations

by radical students who call President Chun Doo Hwan a dictator.

Last year alone, about 30,000 out of more than 110,000 new graduates were unable to find jobs, officials say. The ratio of graduate employment has dropped to 64 percent from 84 percent in 1982.

Government figures show that 570,000 — more than 20 percent of them graduate students — in South Korea's work force of 16 million are out of work.

Financially troubled companies laid off nearly 100,000 employees last year, a quarter of the total blue-collar workers in the nation.

The unemployment rate rose to 4 percent of the work force in 1985, from 3.8 percent in 1984.

The lowest-paid among those who have work receive less than 100,000 won (about \$110) a month.

Student opposition to the government has tried to forge alliances with workers to exploit their discontent.

According to the Labor Ministry, violent worker protests more than doubled last year to about 250. These actions included sit-ins, arson to company and government property, and street clashes with the police.

Students have held many protests to back demands for the repeal of "repressive" labor laws. Strikes are virtually banned, with

many trade unions controlled by the government.

Protesters could face up to seven years in prison.

The recently appointed deputy prime minister, Kim Mahn Je, who is in charge of economic planning, said the government would give top priority this year to reducing unemployment.

It already has moved up \$1.5 billion worth of public works projects.

Mr. Chun's Democratic Justice Party is studying ways of easing labor curbs to help reduce protests.

"The problem is that left-wing and pro-Communist students are infiltrating less privileged industrial labor to fan social instability," a Labor Ministry official said.

South Korea considers as employed anyone who works at least one hour a week by International Labor Organization standards. The country plans to join the organization in a few years by improving some labor conditions, including allowing a minimum wage system by 1991.

The nation failed to achieve its main economic targets last year. Growth slowed to an estimated 4 percent to 5 percent compared with the originally forecast 7.5 percent.

It projects growth of 7 percent this year to help create enough new jobs annually for 400,000 to 500,000 people.

# Japanese Try Philanthropy to Change Image in U.S.

NEW YORK — Japanese corporations have found that it is often better to give in the United States than at home. They have been pumping money into American universities for research with important commercial potential.

For instance, Japan's Toshiba Corp. is funding work at the University of Arizona on digital radiography, which marries computer technology to X-ray equipment for detailed medical diagnoses.

At the Georgia Institute of Technology in Atlanta, two Japanese companies are supporting development of a synthetic material that could improve the catalytic converter in automobiles.

The number of Japanese-funded research projects has risen sharply in recent years despite concern in some quarters that American universities are abetting foreign competitors of U.S. industry.

Japanese corporations have turned to philanthropy to improve their image in this country and because American tax laws encourage giving. Laws in Japan impose a 60-percent tax on such contributions.

Typically, a foreign company supports the research in exchange for licenses to capitalize on the results.

The head of the research team at Georgia Tech, Dr. Tudor Thomas, declined to discuss details of his contract with Toray Industries Inc. and Toyo Soda Manufacturing Co.,

each of which contributed \$40,000 to his research.

Toshiba has invested \$3.5 million in the Arizona project and has the right to market the equipment that might be developed, said Paul Capp, who heads the department of radiology on the Tucson campus.

This kind of contract worries U.S. industry, according to Kenneth Smith, vice president for research at the Massachusetts Institute of Technology.

"American businesses, especially those in electronics, are extremely wary of the competitive edge any foreign companies might obtain as a result of their investments in U.S. universities," he said.

Steve Bacon of the Research Corporation in Tucson, a nonprofit organization helping universities market results of their research, says the gap between funds needed for research and funds available is as much as \$4 billion.

Mr. Capp said it was nearly impossible to undertake a research program at a university without outside financial help.

The total amount of Japanese support for research in the United States is unknown, but Peter Kamura of the Japan Center for International Exchange says it amounts to millions of dollars a year.

The center was set up to promote ties between U.S. organizations and business and charitable interests in Japan.

"You run into a lot of American university

of Japan's giant trading companies, to represent the school in soliciting funds from other Japanese companies. Nishio Iwai takes a 10-percent commission, according to Lowell Netherton, Georgia Tech's vice president for research.

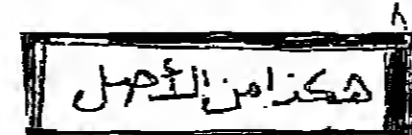
Besides funding scientific research, the Japanese also have contributed millions of dollars to philanthropy in the United States in recent years.

Realizing that they have an image problem, the Japanese are trying to improve their image and promote cultural understanding by establishing "professorships" at universities and nonprofit foundations in the United States, according to Ronald Aqua of the U.S.-Japan Foundation.

Japan registered a trade surplus of \$30 billion with the United States in 1985. With protectionist sentiment rising in Congress, Japanese corporations do not want to be seen solely as "commercial exploiters," Mr. Aqua said.

"The Japanese contribution to philanthropy in this country more than tripled in the last two years from an estimated \$27 million in the 1982-83 period," said Craig Smith, who edits a monthly newsletter, Corporate Philanthropy Report.

"The amount has not yet reached an alarming proportion, to be sure," Mr. Smith said in a telephone interview from San Francisco. "Nevertheless it is remarkable when you consider the concept of philanthropy is completely alien to the Japanese."



# Nicaraguan Clerics Square Off

## Cardinal, Foreign Minister Dispute U.S. Aid to Rebels

By Stephen Kinzer  
New York Times Service

MANAGUA — Nicaragua's most controversial Roman Catholic cleric has exchanged insults in recent days, using the strongest language yet in the continuing conflict between the Nicaraguan government and the Sandinista rebels.

The foreign minister, the Reverend Miguel Obando y Bravo, was estraying his country and his church by refusing to condemn the aid insurgency.

Cardinal Obando y Bravo, in turn, suggested that Father d'Escoto was a devil sent to divide Nicaraguan Catholics.

The question of religious freedom in Nicaragua has been heatedly debated in Congress in recent days amid debates in Congress on providing military aid to Nicaraguan rebels.

Cardinal Obando y Bravo said church was not free in Nicaragua, and that President Ronald Reagan, among others, has offered moral support. But the government Sandinistas deny that they repress religion.

Father d'Escoto, speaking in a television interview Wednesday evening, said that only Cardinal Obando y Bravo, who is widely respected in Washington, could persuade the U.S. Congress to reject aid for anti-Sandinista rebels.

The cardinal's refusal to appeal to Congress, Father d'Escoto said, makes him "the principal accomplice of aggression against our people."

Obando repeats the slogans of

the United States government," said the foreign minister. "He is on the side of the imperialist aggressor."

Cardinal Obando y Bravo responded Thursday morning at a Mass before more than 5,000 cheering people in the gymnasium of a Catholic high school.

"The devil can come in the form of people who want to divide the church," the cardinal said in what was taken as a reference to Father d'Escoto. "The devil can walk among us in disguise, like a lion bunting for meat. The devil comes with lies or half-truths."

The loudest outburst of applause came when Cardinal Obando y Bravo said he was equally concerned with the suffering of soldiers on both sides of the Nicaraguan conflict.

"We appeal on behalf of those who are dying," he said, "whether they are from the Sandinista Front or from the other side, because they are Nicaraguans and we love them all."

Apparently as a show of church unity in the face of government pressure, Cardinal Obando y Bravo was accompanied by more than 50 priests from the Managua diocese. Among them were several who are considered sympathetic to the "people's church" with which Father d'Escoto is associated.

In Nicaragua, the "people's church" is made up of lay people and religious workers sympathetic to the Sandinista government. Many, like Father d'Escoto, do not accept Cardinal Obando y Bravo's authority.

Father d'Escoto was suspended from performing his priestly duties

last year after refusing a Vatican order to resign his post as foreign minister. He said Wednesday night that he had been suspended "for refusing to betray my people."

The cardinal's refusal to condemn the rebel movement, Father d'Escoto said, was "a situation of sin much greater than that created by any canon law."

Cardinal Obando y Bravo and another Nicaraguan prelate, Bishop Pablo Antonio Vega, visited Washington during the first weeks of the debate over Mr. Reagan's request to send \$100 million to rebel forces. Sandinista officials accused them of being there to urge passage of the aid, which both bishops denied.

"If they don't speak out," Father d'Escoto said of the bishops, "they are responsible for the killing of our people."

In the last year, Father d'Escoto has emerged as the cardinal's principal religious adversary.

Last summer, Father d'Escoto urged Nicaraguan Catholics to join an "evangelical insurrection" aimed at changing the position of church leaders. He fasted for a month to dramatize his appeal for an end to U.S. interference in Nicaragua. This month he took a leave from the Foreign Ministry to lead a two-week "march for peace and life" through northern Nicaragua.

Last week, the bishops issued a statement asking the government to clarify "whether what the foreign minister is saying is the official position or a personal opinion."

Father d'Escoto replied Wednesday night, saying he was speaking "in my role as a priest."



Miguel Obando y Bravo



Miguel d'Escoto Brockmann

# Honduran Soldiers Show Bodies, Confirm Reports of Border Conflict

By James LeMoyné  
New York Times Service

CAPRIE, Honduras — Eight Honduran peasants were told of heavy fighting near here between Nicaraguan and Honduran soldiers and showed reporters five bodies that they said were Nicaraguan soldiers killed in fighting a few miles inside Honduras.

The peasants' accounts on Thursday, along with the bodies, were the first direct evidence that journalists have been able to gather to support official accounts that a

large Sandinist force attacked Nicaraguan guerrilla bases near here Sunday.

In Managua, meanwhile, the government said its army had inflicted heavy losses on rebel forces and had destroyed several base camps in the past two weeks.

Tolentino Saez, a 45-year-old peasant, said the fighting lasted five days. "They say there are many dead and wounded."

"They bombed and rocketed for three days starting on Saturday," said Miguel Abram Soriano, 11. "The people ran because they say the Sandinistas entered."

The tiny community of Caprie is within three miles (about five kilometers) of the Nicaraguan border and 10 miles of two large Nicaraguan guerrilla camps.

Peasants pointed in the direction of the camps when they described where they heard sounds of heavy combat in recent days.

A communiqué from the Nicaraguan Defense Ministry about attacks on rebel camps did not specify whether the actions took place in Nicaragua or in Honduras.

In the past, Nicaragua has maintained that all important rebel base camps along the northern border are in Honduras. Many diplomats and other neutral observers in Managua agree.

The Defense Ministry said that Sandinist troops had killed 350 rebels in a two-week period. It said 40 Sandinist soldiers were killed.

The U.S. Embassy in Tegucigalpa provided two helicopters to fly journalists to Caprie to gather accounts of what the Reagan administration officials say was a coordinated attack by more than 1,000 Sandinist troops against the two guerrilla bases.

The fighting was said to have taken place in a region 15 to 20 miles east of the Honduran town of Las Trojes, in an area that protrudes into Nicaragua.

On Thursday about 15 U.S. Army helicopters completed carrying 500 to 600 Honduran troops to

the border zone, according to General John Galvin, commander of U.S. military forces in Latin America. The general was boarding a helicopter to leave the area when the journalists landed.

"United States forces have done a good job in getting the Hondurans here," he said. "It remains to be seen what else they need."

Five American soldiers were running the landing zone.

The five bodies shown to reporters appeared to be of men in their 20s and early 30s. They were wearing bloodstained camouflage uniforms that appeared to be of the kind worn by Sandinist forces.

The bodies had several bullet wounds. One wore boots said in Spanish, "Made in Nicaragua."

The bodies appeared to carry no other identification.

A source in close contact with Nicaraguan rebel and Honduran officials said the bodies had been collected from a nearby battlefield for journalists to see. He said the men had been killed by Nicaraguan guerrillas. But a Honduran officer said that they had been killed by Honduran troops.

Honduran soldiers showed reporters a pile of Soviet-made Kalashnikov rifles, a few mortars, ammunition, rocket launchers and RPG-7 rockets, as well as a number of ground cloths that read "Popular Sandinista Army."

The soldiers said the equipment, which is the same as that used by the Sandinistas, was collected from a battlefield nearby. It was not possible to confirm their account.

The helicopter flight to the border took reporters directly over what appeared to be a large rebel camp, with dozens of green tents and large numbers of armed men standing on nearby hills and in flat hollows.

A Honduran officer who identified himself as Lieutenant Colonel Danilo Carbal Molina, said the Honduran Army estimated that 1,200 Sandinist troops had attacked in the area.

# Senate Approves Aid for 'Contras'

(Continued from Page 1)

immediately to the contras and could be used for nonmilitary purposes, such as food, and for defensive weapons, including anti-aircraft missiles.

The vote was applauded by Senator Richard G. Lugar, a Republican of Indiana who is chairman of the Senate Foreign Relations Committee.

Mr. Lugar said it would increase pressure on the Sandinistas to negotiate with the insurgents and to respect the rights of their neighbors.

But Senator Jim Sasser, Democrat of Tennessee, sharply disagreed.

"I think," he said, "it takes us farther down the road to the intervention of American military forces."

In a related development, the Reagan administration said that as long as Honduran troops stayed near their border with Nicaragua, U.S. Army helicopters would remain at their disposal to fly in weapons, ammunition, food and other supplies.

Under the plan approved by the Senate, the remaining \$75 million in aid would be released at the end of the 90-day period if the presi-

dent certified that the Sandinistas had not bargained in good faith.

Congress could disagree with his judgment and pass a resolution blocking the funds, but it would be subject to a veto. Opponents of granting the aid would need a two-thirds vote in both houses to override the veto.

■ Further Compromise Seen

A House Democratic leader said Friday that Mr. Reagan would

have to compromise further on peace negotiations with Managua to win final congressional approval of the aid package, Reuters reported from Washington.

Thomas S. Foley of Washington, the assistant majority leader, said the compromise approved by the Senate would lead in 90 days to a full-scale U.S.-backed offensive by the contras aimed at overthrowing the government" of Nicaragua.

Health Warnings, Air Traffic Alert Follow Volcano Eruption in Alaska

United Press International

ANCHORAGE, Alaska — A cloud of ash 150 miles long and nine miles high, caused by the eruption of the Augustine volcano, drifted across Alaska on Friday, prompting health warnings and halting air traffic in the area.

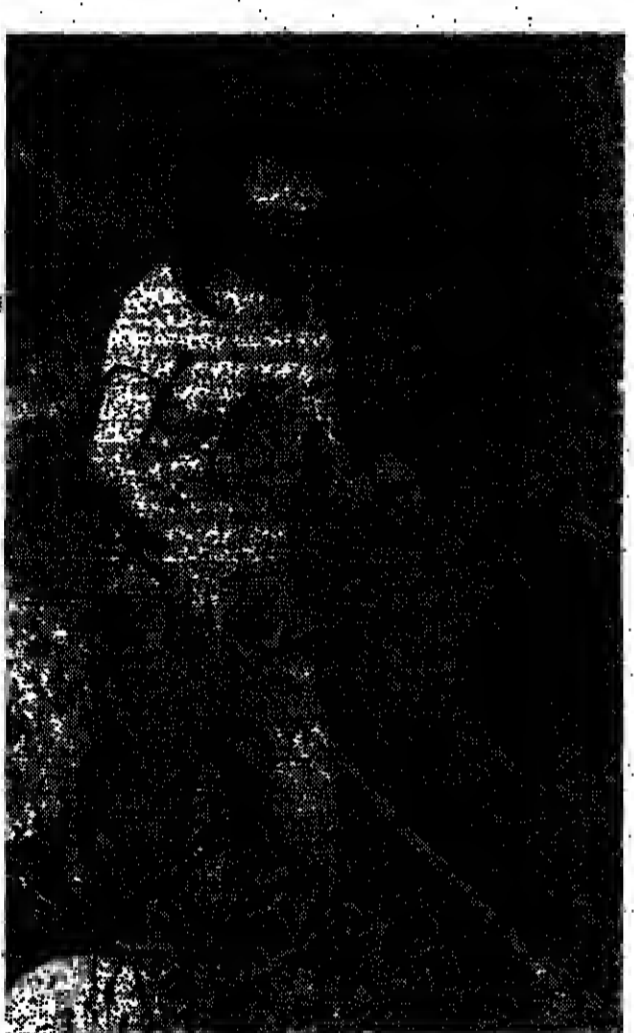
The volcano, which is about 4,000 feet (about 1,200 meters) high, is located on a barren island 180 miles (290 kilometers) southwest of Anchorage and is 70 miles from Homer, the nearest populated community. It erupted early Thursday for the first time in 10 years, and continued to release gas and spill molten rock sporadically.

Scientists said it was possible that the volcano could touch off tidal waves along the Cook Inlet, as it did in 1883 when searing gas and lava fell down the mountain into the water to produce huge swells known as tsunamis.

Winds pushed the ash cloud toward Anchorage on Thursday. Officials issued a health alert urging residents to stay home and warning people with respiratory problems to wear masks outside.

Anchorage Airport was virtually deserted after airlines diverted morning flights to Fairbanks or Seattle and canceled all flights.

# AMERICAN TOPICS



Wired eggs — Many Ry, 11, tracking down eggs equipped with tiny beepers during an Easter outing for blind children in San Francisco's Golden Gate Park.

**Aides May Have Lied To Cover Eisenhower**

After Francis Gary Powers, piloting a U-2 spy plane over the Soviet Union on May 1, 1960, was shot down and captured, the U.S. State Department said that while President Dwight D. Eisenhower had approved U-2 surveillance of the Soviet Union in principle, he had not been given the details of individual flights.

"Not so," says a new book, "Mayday," by Michael R. Beschloss, which is being excerpted by U.S. News & World Report magazine and will be a Book-of-the-Month Club selection. Mr. Beschloss, an adjunct historian at the Smithsonian Institution in Washington, writes that Eisenhower had approved virtually all spy flights personally, with intelligence officials spreading out route maps on his desk. He also examined the resulting photographs.

The book quotes Richard M. Helms as saying of the denial that Eisenhower had advanced knowledge of the flight: "If it isn't perjury, I don't understand the meaning of the word. And I'm not against it. I'm simply saying that it's not the first time officials have perjured themselves in the interest of protecting a president."

Mr. Helms, director of the Central Intelligence Agency from 1965 to 1973, was convicted of perjury himself in 1977 for testimony before a Senate committee about CIA actions in Chile.

**Short Takes**

Elizabeth Holtzman, a former New York Democratic congresswoman who is now the Brooklyn district attorney, says the most effective deterrent to white collar crime, which costs U.S. business more than \$1 bil-

# U.S. Called Ready for 2d Nuclear Test

By Walter Pincus  
Washington Post Service

WASHINGTON — The United States is prepared to conduct another underground nuclear weapons test in the next few days, according to informed sources.

If it comes after Monday, the sources said, it would trigger the end of the Soviet Union's self-imposed test moratorium, according to statements earlier this week by Soviet news services.

A U.S. test took place March 22 when Los Alamos National Laboratory scientists exploded a device as part of the development of a new warhead for the proposed Midgetman missile, according to sources inside and outside the government.

The Midgetman would be a mobile, land-based, intercontinental missile.

Representative Thomas J. Downey, a Democrat of New York, who organized a group of 60 legislators in a last-minute plea to President Ronald Reagan to halt the March 22 test, said Thursday that he had not heard about the new test.

But he said he wondered "how long the administration can be out by itself testing nuclear weapons and ignoring world opinion."

The next test, also to be run by the Los Alamos group at the Nevada Test Site, was originally scheduled for March 15, sources said.

It was postponed, they said, so Mr. Reagan could respond to a statement March 13 by the Soviet leader, Mikhail S. Gorbachev, that Moscow's test moratorium would continue after March 31 only until the next U.S. test after that date.

In keeping with normal U.S. Energy Department procedure, the purpose of the pending test has not been disclosed.

The Reagan administration has refused to participate in Mr. Gorbachev's moratorium and has refused to resume negotiations for a comprehensive test ban treaty. Instead, Mr. Reagan has proposed that both nations seek better verification of the size of tests.

That would permit a move toward ratification of a 1974 treaty limiting each nation's tests to explosions of 150 kilotons or less. The bomb that destroyed Hiroshima in August 1945 measured 12.5 kilotons.

# Sikh Militants Strike Again

(Continued from Page 1)

derout the call for a strike by himself calling for a statewide closure of stores and markets to mourn Friday's victims.

Mr. Barnala and his aides were the targets of an extremist Sikh attack Wednesday at Anandpur Sahib, a Sikh shrine. Police fired at the protesters and killed at least 12 persons while Mr. Barnala and his cabinet ministers fled.

In New Delhi, Mr. Barnala's decision to address the Wednesday meeting and confront the extremists was seen as a positive sign.

"He faced up to them and now the extremists are reacting," said Mr. Mirhda.

Mr. Mirhda said it was widely accepted that the Barnala government had made a mistake by releasing thousands of alleged extremists from prisons in an effort to placate Sikh opinion.

But he added that New Delhi was not considering dismissing Mr. Barnala's government and imposing central rule as it had in 1983 before the army attack on Sikh extremists.

"They are doing all they can," he said.

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# Diplomats Say Qadhafi Gained Ground Among Arab Leaders, At Home

By John Kifner  
New York Times Service

TRIPOLI, Libya — Arab and Western diplomats here say that Colonel Moammar Qadhafi's confrontation with the United States may ultimately help the Libyan leader improve his declining political stature in the Arab world.

In the almost universal view of diplomats in Tripoli, the Reagan administration's tactic of sending the largest naval fleet since World War II into the waters claimed by Libya seemed counterproductive because it played into Colonel Qadhafi's hands by allowing him to portray himself to the world as standing up to overwhelming American might.

It also forced other Arabs to support the colonel as a fellow Arab attacked by the main supporter of Israel.

The abrupt withdrawal of the American fleet after brief skirmishes can only lead further credibility to Colonel Qadhafi, the envoys said.

Radio Tripoli said Friday that Libya's "courageous challenge in the form of an armed confrontation which they had not expected" had forced Pentagon officials to end the U.S. maneuvers in the Gulf of Sidra. Agence-France Presse reported from Paris, where the broadcast was monitored.

[Opposition by other countries to "the American aggression and provocations had a decisive effect on the cancellation of the maneuvers," it said. The opposition confirmed Libya's "rightful sovereignty over the Gulf of Sidra as part of Libyan territorial waters," Radio Tripoli added.]

The diplomats said the outcome of the confrontation appeared to give Colonel Qadhafi a badly needed lift at a time when he was increasingly isolated in the Arab world, beset by growing discontent at home and weakened by drastically falling prices for oil, Libya's only source of wealth.

"This was not a very happy moment for Libya," said a veteran diplomat. "They were again very isolated, but now the support from the Arab countries will come back again."

A Western diplomat said he saw a kind of symbiosis at work between Tripoli and Washington. "It's political exploitation of both sides," he said. "I think Qadhafi proved he can fight when the 'death line,' as he called it, was crossed. And the Americans proved they

could cross. So they must both be very happy."

"I'm baffled by the motives of the Americans," said one envoy. "Unless they want an excuse to just blow him up. It would be much better to ignore him, which infuriates him. This has gotten him the kind of support he could not have engendered himself."

A European diplomat said: "Qadhafi had economic problems he couldn't explain away with rhetoric alone. But people forget rising prices when their country is attacked."

"If only the U.S. would leave Qadhafi alone, he would just fade away into nothing," said an Arab diplomatic source, "but this just feeds his ego and encourages him. It also puts friendly countries that have their own bones to pick with Qadhafi on the spot because they can't be seen to be defending a superpower against a fellow Arab state."

The Arab diplomat said that "the situation also helps Qadhafi's image because it makes what he has been saying about imperialists conspiring against him seem true."

A number of diplomats suggested that while Colonel Qadhafi was both unable and unlikely to respond to the overwhelming American power with conventional military force, he was likely to retaliate with terrorist attacks.

"Down the road, months from now, there will probably be more terrorism, perhaps suicide bombings of American embassies or what have you," a diplomat said.



Vice Admiral Frank B. Kelso 2d, left, commander of the 6th Fleet, with Rear Admiral David Jeremiah aboard the aircraft carrier Saratoga, describing this week's fighting.

# Shultz Says U.S. Will Again Confront Any 'Outrageous Behavior' by Libya

The Associated Press

ROME — Secretary of State George P. Shultz, brushing aside criticism of the U.S. military strikes against Libya, said Friday that the United States would continue to confront the "outrageous behavior" of Libya's leader, Colonel Moammar Qadhafi.

Mr. Shultz made the comments on his way to Rome from Athens. He began three days of talks Friday with Italian leaders, including Prime Minister Bettino Craxi, who have voiced concern about the clashes this week between U.S. and Libyan forces in the Gulf of Sidra. U.S. officials in Washington said

Friday that the U.S. naval task force involved in the confrontation carried out routine and peaceful operations in the northern Mediterranean.

Task Force 40, comprising three carrier battle groups, moved out of the Gulf of Sidra area on Thursday after the Pentagon declared an end to five days of surface and air exercises in the area.

Libya claims the gulf as territorial waters. U.S. officials called the maneuvers a test of the right to navigate in international waters.

Mr. Shultz said that although the naval exercises had ended, "the program of challenging his unilat-

erally declared ownership of international waters and airspace is something we've been doing and will be continuing."

During the U.S. maneuvers, Mr. Craxi ruled out the use of North Atlantic Treaty Organization bases in Italy for operations against Libya.

The order apparently did not apply to installations solely under U.S. control.

"There were no restrictions put on us that in any way impeded the full conduct of our exercises," Mr. Shultz said.

[Mr. Shultz was greeted in Rome by Foreign Minister Giulio Andreotti and met later with Mr. Craxi, United Press International reported.]

[A senior American official who attended the meeting said the Italians expressed agreement with the reasons behind the U.S. operations in the Gulf of Sidra. But Mr. Craxi questioned the timing of the operation and the U.S. tactics, the official said.]

# U.S. Fighter Jets Used New Tactics During Engagement With the Libyans

(Continued from Page 1)

were shot down by surface-to-air missiles, with one flying killed, one captured and one escaping by parachute.

But the disadvantage of the Gulf of Sidra operation, the analysts said, was that targets could not be seen while they were under attack. Standoff tactics could not have been used, they said, if the navy had been ordered to hit targets close to civilian areas. In such cases, the pilots would have been ordered to spot the targets before they attacked.

In the past week's encounters in the Gulf of Sidra, the Prowler electronic planes played vital roles throughout the engagement. They first flew well away from Libyan radar beams and then they could pick up radar frequencies and changes in frequency made by the Libyans.

That information was transmitted to the carriers America, Coral Sea and Saratoga and given to weapons officers, who would fly aboard LTV Corp. A-7 Corsair attack planes armed with Harms, or high-speed anti-radiation, missiles. When the Corsairs launched

their attacks 10 to 12 miles (16 to 20 kilometers) from the Libyan radar installations at the town of Sirte, the HARM missiles locked onto the Libyan radar beam and followed it at supersonic speed toward the ground. Each of the four missiles fired will cost \$231,000 to replace in 1987.

If the Libyans changed radar frequencies while the HARM was on its way, the missile's sensors picked that up and its computer ordered the missile's radar to switch to the same frequency. When the missile hit the target, 145 pounds (66 kilograms) of high explosive shattered the radar dish.

That was confirmed, according to Pentagon officials, by satellite photographs taken after the second attack on the radar site at Sirte. They said no navy reconnaissance planes flew over Libya. With the radar out, the Libyans could no longer fire missiles.

When the Libyans prepared to fire SAM-5 missiles at navy aircraft, the analysts said, the Prowlers sent out signals that gave false targets. Those signals were also read by radar in the SAM-5 missiles, sending them to explode harmlessly in the sky or to fall into the sea.

In addition, the Prowlers jammed Libyan radar scopes on the ground so that operators, instead of seeing symbols that represented U.S. aircraft, would see blank, fuzzy or all-white screens. Communications between the radar dishes and the control center were also jammed.

Meanwhile, in the sky, electronic sensors in all navy aircraft warned pilots when they had been spotted by Libyan radar and when missiles had been fired at them. To evade, the pilots twisted and turned to reduce their own radar profiles and to avoid showing their tail pipes to missiles that might be heat-seekers.

The military analysts said that evading the SAM-5s was not too difficult for agile navy aircraft because the Soviet missile was designed in the early 1960s as a long-range, high-altitude missile intended to shoot down less maneuverable planes.

To attack Libyan naval vessels, all of which are small, the navy armed Grumman A-6 Intruder attack planes with Harpoon missiles, which are launched from low levels, drop to skim the surface, and then pitch up to dive on the target.

The A-6s also dropped Rockeye cluster bombs, each loaded with 247 small warheads intended to pierce armor. After the A-6s fired Harpoons, they closed on the target to drop the Rockeyes, which damaged and probably sank a Soviet-built Libyan corvette armed with surface-to-air and surface-to-surface missiles and at least one French-made Combattante-class attack craft carrying anti-ship missiles.

While those engagements were being fought at relatively low levels, Grumman F-14 Tomcats and McDonnell Douglas F-18 Hornets maintained a high-altitude patrol over the gulf. They were assisted by Grumman E-2C Hawkeyes, which are radar-equipped early warning planes that could have spotted Libyan fighters had they risen to challenge the navy planes.

# Flying: More White Knuckles Aging Fleet of U.S. Planes Seen to Pose Increasing Risk

By Richard E. Meyer and Ralph Varabedian  
Los Angeles Times Service

LOS ANGELES — Passengers of U.S. airlines are less safe now than they were five years ago, and if trends continue, they will be at even greater risk a year from now.

These are among the conclusions of a six-month survey by the Los Angeles Times of the structural soundness of U.S. commercial aircraft.

The average age of passenger planes is increasing every year, according to data analyzed in the investigation. Advancing age makes these planes more likely to crack. U.S. airlines are spending less to find and fix those cracks.

All the same time, the airlines are filing fewer of the legally required reports on structural defects. The decline has crippled the already deficient U.S. warning system against air crashes caused by structural failure.

The number of U.S. air safety inspectors has dropped in recent years, although the inspection work has increased with new airlines and airline expansion since the industry was deregulated.

"Altogether, it's a formula for disaster," said Jerry J. Presba, one of three aircraft engineering and maintenance experts hired by the Los Angeles Times to analyze reporting and spending on structural maintenance performed by the airlines over five years.

The investigation focused on six types of aircraft that make up the preponderance of the U.S. fleet: the Boeing 727, 737 and 747; the McDonnell Douglas DC-9 and DC-10; and the Lockheed L-1011.

The survey found that:

- The average age of each of the six types of aircraft has climbed every year from 1980 through 1984. By the beginning of 1985, all six were approaching or had passed the midpoint of what Boeing Co. considers their economic lives.

- Cracking caused by metal fatigue in the frame and skin of heavy jetliners increases sharply as the planes get older. Data obtained from Boeing show that this cracking begins to grow at the midpoint of each airplane's economic life.
- The amount of money the airlines are spending to find and fix cracks has dropped over the five years from 1980 through 1984 for all six types of aircraft. This drop is documented in records filed by the airlines with the federal government.
- The Federal Aviation Administration inspector force has been shrinking even as the air fleet has grown. In 1979, the inspectors numbered 2,012. By 1984, because of budget cuts by the Reagan administration, the number had dropped to 1,332. During the period, the number of commercial airlines grew to 407 from 237.

The aircraft and airline industries reacted sharply to the findings.

Thomas Tripp, spokesman for the Air Transport Association, which represents 33 major air carriers, said the question "is whether the industry has less of a commitment now to maintenance and to safety than it did years ago," adding:

"Certainly, it's not true for ATA carriers."

However, the administrator of the FAA, Donald D. Engen, said that his agency also "saw a trend toward trying to get by with less quality maintenance."

"We've nipped that in the bud," Mr. Engen said, "and we should see that trend reverse itself."

Continental Pays Fine

Continental Airlines has paid the government a \$402,000 fine over charges that it violated standards for maintenance, training and recordkeeping. United Press International reported Friday from Washington. But officials for the airlines insisted that "safety was never compromised."

Two weeks ago, the FAA proposed a \$9.5-million penalty against Eastern Airlines for alleged bookkeeping and maintenance violations and, at one point, threatened to ground Eastern. That carrier is contesting the proposed fine.

Last month, Western Airlines agreed to pay a \$700,000 fine.

Standards for Pilots

Major changes in medical standards used to certify civilian pilots have been proposed by the FAA in a report commissioned by the agency from the American Medical Association. The Washington Post reported.

The report, summarized in this week's issue of the Journal of the American Medical Association, favors tightening health requirements for all pilots by excluding those with various heart ailments, past psychiatric disorders and other conditions.

The recommendations would expand a pilot's required health examination to include cholesterol measurements, glaucoma testing, a detailed evaluation of family history and other information aimed at assessing future and current health.

Fewer air safety inspectors and expansion of the airline industry is 'a formula for disaster,' according to an aircraft engineer.

# Soviet Advisers Took Shelter at Base For Sirte Raids, Foreign Workers Say

By Edward Schumacher  
New York Times Service

SIRTE, Libya — Scores of Soviet military advisers near this coastal town stayed mostly inside a local air base to avoid being drawn into the conflict with the U.S. 6th Fleet this week, according to foreign workers.

They said Thursday that none of the Russians had been injured in U.S. missile attacks on the Sirte radar installation.

The foreign workers, from Italy, Spain, Yugoslavia, South Korea and Turkey, said that they knew of no radar or other installations being hit by U.S. missiles.

Though the area around this garrison town bristles with dozens of radars and other military installations, it seemed as if nothing had happened. Security measures appeared tight.

The workers said they had heard and seen some of the Libyan anti-aircraft missiles launched Monday against planes of the 6th Fleet, but had no evidence of any retaliation. In Tripoli, 300 miles (480 kilometers) away, foreign diplomats also raised questions.

"We have been perplexed by the radio reports," a West European said. "We don't know of anything that has happened around here."

Another added: "This is not a normal country. The logical is illogical."

Here in Sirte, the foreign workers, who are engaged in various construction projects, said that the Libyans were "exercising" in confronting the U.S. fleet.

Small mobile radar stations, most of them lightly guarded and set among date palms or on top of sand dunes, dotted the white beach along the coastal highway.

The Pentagon said one radar site had been attacked twice, though military analysts say confirmation of damage was difficult because the missiles were launched by planes from miles away.

The authorities ordered blackouts Monday and Tuesday, and soldiers were seen in town, the foreigners said. But by Wednesday, life was back to normal, they added.

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# Reports on Waldheim Evoke Anger

(Continued from Page 1)

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The World Jewish Congress has said that German documents from World War II, found in archives in the United States, indicate that Mr. Waldheim belonged to the Nazi paramilitary organization.

The Jewish organization said he played a role in atrocities against partisans and civilians while he was an army officer in Yugoslavia.

Mr. Waldheim, UN secretary-general from 1972 to 1982, has denied the allegations, saying he had served only as an interpreter in the German Army.

On Thursday, he said that the publication of documents in Belgrade and New York alleging that he committed Nazi war crimes in Yugoslavia was part of an "almost incomprehensible conspiracy."

Mr. Waldheim's campaign manager, Herbert Steinbauer, said that the candidate's purported "personal complicity" in war crimes was "nowhere proved" in documents released Tuesday by the World Jewish Congress in New York.

He also dismissed charges made in a document from Yugoslav government archives. Mr. Waldheim was accused in the document of "murder, slaughter, shooting of hostages."

The document was published Wednesday by the Belgrade newspaper Vecernje Novosti. The newspaper quoted Mr. Waldheim on Thursday as indirectly calling on the Yugoslav government to release documents that would clear him of any wrongdoing as a soldier.

The document published by the newspaper indicated that Yugoslavia had sought Mr. Waldheim's extradition in 1947 for alleged war crimes committed against the civilian population.

Volkshblatt's article cited Mr. Begin's role as a leader of the Irgun guerrilla group, which blew up the King David Hotel in Jerusalem in 1946 as part of its campaign for an independent Israel. One hundred people, most of them British officers policing the UN mandate in Palestine, were killed, the article noted.

Volkshblatt published photographs of both Israeli politicians. Mr. Shamir's was an old picture, captioned in the style of the British authorities in the late 1940s.

The Volksblatt article came after

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Kurt Waldheim campaigning in Salzburg for president.

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## Sirhan Loses Latest Bid For Parole in California

The Associated Press

SOLEDAD, California — A parole board here has rejected Sirhan B. Sirhan's eighth bid for parole, saying his murder of Robert F. Kennedy in June 1968, "was one of the most premeditated ever."

Mr. Sirhan, 42, said Thursday that he wanted to "live on my life productively and peacefully." But the board said the assassination of the New York senator was "an attack on the democratic system of the United States." Kennedy was shot moments after he claimed victory in the Democratic presidential primary election in California.

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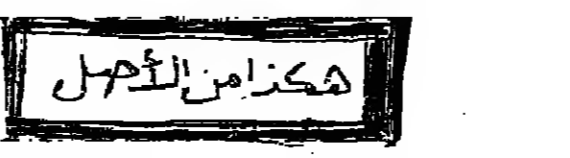
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ARTS / LEISURE

La Scala Illuminates Strauss' 'Frau ohne Schatten'

By Andrew Clark

MILAN — One of the reasons the Richard Strauss opera 'Die Frau ohne Schatten' (The Woman Without a Shadow) is so rarely performed is that it makes huge demands on a theater's artistic, technical and financial resources. Another is that its symbolism is so complex and sophisticated that — as the writer and librettist, Hugo von Hofmannsthal, admitted — few are able to penetrate its depths on first acquaintance. Even in Germany and Austria it has never become a staple repertory work, and in Italy it has been staged only five times since the Vienna premiere in 1919.



June Anderson in "La Sonnambula."

er — proved a direct and flexible way of distinguishing between the human and spirit world. Ponnelle made each of the symbols as visibly identifiable as possible. The shadow, for example, which at its most simple level is the symbol of woman's fertility, was not suggested through tricks of lighting; instead Ponnelle employed a group of hooded, darkly costumed extras shadowing the movements of the human characters. The concentration of the action center-stage and the well-rehearsed performances of the cast helped overcome some of the longeurs of the third act, where the orchestra played a crucial role in giving a metaphysical dimension to the obscure machinations of the plot. At the final curtain, it was no easier to regard "Die Frau ohne Schatten" as the early 20th-century successor to "The Magic Flute," as its authors intended; but neither did it seem the operatic white elephant it is sometimes made out to be.

For this achievement Savallisch must take much of the credit. The Scala musicians did not have the score in their blood like the orchestra of the Bavarian State Opera in Munich, where Savallisch's Strauss interpretations are part of a long and illustrious tradition. The music nevertheless came across with a strong sense of conviction and idiomatic flair, the conductor tailoring the dynamics to his singers' individual needs while allowing the orchestra its head wherever possible. The performance onstage was dominated by Brigitte Fassbaender, who proved that the

Nurse could be the opera's most graphic role and certainly its most theatrical. Her projection of the text and her acting skills made her near-demonic interpretation thoroughly believable. The Dyer's Wife was magnificently sung by Marilyn Zschau, who combined fearless vocal attack with a radiant stage personality. Alfred Muff's Barak was generous in voice and sleek in appearance, just as Barak should be. Eva Marton as the Empress was more dramatic in voice than appearance. Hermann Winkler's Emperor was wooden.

The other new staging at La Scala, Bellini's "La Sonnambula," could not provide a stronger contrast to the Strauss, and is the kind of repertory one more readily associates with Milan. It was premiered

there in 1831, and La Scala has heard a long line of distinguished interpreters in the role of Amina, from Maria Malibran in 1834 to Maria Callas in 1955. The opera has not been seen at La Scala since Joan Sutherland sang in the Luciano Visconti production in 1962.

The new Amina is the American soprano June Anderson, who has reached La Scala just eight years after making her professional debut at the New York City Opera. In recent years she has been building a reputation in the bel canto repertory, and indeed she displays all the right qualifications for the part — youthful-good looks, an air of innocence and a voice of tender beauty that shrugs off the difficult coloratura passages with gracious aplomb. She won a justifiably rapturous reception from the Scala audience on her first night there.

The staging by the Italian film director Ermanno Olmi, with pictorial decor by Mauro Pagano, tried to reflect the poetry in the music, but it is traditional to a fault. The supporting cast, particularly Bonaldo Giaiotti as the Count and Pietro Ballo as Elvino, was disappointing and the veteran conductor Gianandrea Gavazzeni chose lumpy tempi that suggested he had not fully recovered from his recent illness. But Anderson's performances redeemed the shortcomings of all around her.

Further performances, with some changes of cast: "La Sonnambula," March 29, April 1, 4, 6, 11, 13, and 15, in July.

Andrew Clark is a journalist and music critic based in Switzerland.

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The Dusty Reality of Mexican History in a London Photography Exhibition

By Hans Koning

LONDON — This is a photograph I stared at for a very long time: a man on horseback, mounted on a white steed, galloping down a street, sunlight filtering through the clouds of dust, spectators on the sidewalks, some on foot, some on horseback, some on mules. The man on horseback is wearing a military uniform, and he is looking back over his shoulder at the camera. The photograph is a black and white reproduction of a painting by Francisco Madero, taken in 1912. It depicts a scene from the Mexican Revolution, showing a military leader on horseback, surrounded by soldiers and civilians. The scene is set in a dusty street, with a sense of movement and drama. The photograph is part of an exhibition at the Photographers' Gallery in London, which is showcasing a collection of historical photographs from Mexico. The exhibition is titled "The Dusty Reality of Mexican History" and features works by various photographers, including Francisco Madero. The photographs capture key moments in Mexican history, from the early 20th century to the present day. The exhibition is a testament to the power of photography as a historical document and a work of art.

here, looking angry or tender or shy, endlessly pathetic. But the most pathetic picture of all is one of men, the Zapatistas. Zapata occupied Mexico City in December 1914. To the astonishment of its citizens, his men were not the wild murderers and looters the Diaz press had depicted, but peasants who shuffled down the street, clutching a few pesos to buy food with. They are seen here getting breakfast in the Sanborn department store, their rifles sticking out over the counter, staring solemnly at the waitresses, who stare back with equal solemnity. These soldiers had liberated the capital, most of them were doomed to perish, but there is no pride or fear in their faces — some slight embarrassment perhaps.

The waitresses wear the same uniforms I saw when I had a cup of coffee at Sanborn 40 years later. At that period of my first visit to Mexico, there were still street photographers in every city square, with tripods and black cloths. I remember how they took their time when I had my picture taken, which makes the shots of these people surprised in action, half a century earlier, the more astounding to me. There are people running down the street with mattresses and little bundles in February 1913 when one part of Mexico City was still another. There is Pancho Villa, in a cable-stitch sweater, wiping away his tears at the grave of Madero. There are the newsboys sleeping luddled on the sidewalk, as they still do, and prostitutes looking 11 or 12 years old.

Of course there are many posed, arranged pictures, too — jailers and prisoners, captured soldiers and their captors, looking dignified at the camera, freezing a crucial and maybe fatal moment in their lives; and it is usually impossible to tell who are the winners of that moment, who the losers. The camera

made them all feel equally important. There is also the man with whom it all began, so to speak: Porfirio Diaz, with his long, bloodthirsty-looking mustache. He is very old in these photographs and he is surrounded by very old men, he in the ornate armchair with the gilded eagle and back and the Mexican arms, they uncomfortable in little chairs. Diaz's last days were Mexico's Belle Epoque, "belle" only for the very few, obviously, who are seen posing with their children in huge, drawing rooms, visiting the poor, sitting formally around a dinner table in a brothel, attending the races. It is all a rather shabby reflection of what was their shiny example. Paris, still, there is a certain cruel grandeur to them.

Davies, who founded the gallery, may feel somewhat ambivalent about my praise of "Tierra y Libertad" since I am so absorbed in the history in those pictures, in their journalistic accuracy. After all, the gallery was founded on the acceptance of photography as a fine art. But when we look at, say, the Impressionists, are we not moved at least partly by the nostalgia and the tenderness we feel toward those long-vanished *jeunes filles en fleur*, toward that vanished world? And is there not also a strong visual link between these pictures and the great Mexican murals of later years? There is no need for a tiresome debate about art and actuality. The murals of Orozco, Rivera and Siqueiros, and the photographs of Cassola and his many anonymous colleagues, give new meaning and life to one another.

Photographers' Gallery, 5 & 8 Great Newport Street, London WC2, through April 5.

Hans Koning's new novel, "Acts of Faith," was recently published by Gollancz in London.

Wagner Sinned Against in London 'Holländer,' 'Parsifal'

By Henry Pleasants

LONDON — New productions of Wagner's earliest surviving opera, "Der Fliegende Holländer," and his last, "Parsifal," premiered within two nights of one another by the Royal Opera at Covent Garden and the English National Opera at the Coliseum, respectively. Both productions highlight not so much the shows of Wagner, but the sins of the modern opera producer and stage designer.

The producer of the ENO's "Parsifal" is Joachim Herz, remembered for a singularly offensive "Fidelio" at the Coliseum a few seasons ago. To "Parsifal" he has contributed such eccentricities as having Thurel, properly an off-stage voice, appear in person, and presenting the outcast Klingsor not in the turret of his castle but flying about on a swing.

But these deviations from Wagner are as nothing compared with the settings in which they have been placed by Herz's designer, Wolf Mönzner. His representation of the forest surrounding Monsieuville has also inspired some imaginative word painting by the critics, ranging from "an ugly mess of leaf-green piping" to "what look like the intestines of Amfortas, or, possibly, what passed through him."

The floor of Klingsor's "castle" looks like a gigantic pizza, from which Kundry eventually emerges like a chunk of garlic coming to the surface. Its rim is raised to reveal Kundry's garden with a bevy of females looking more hating beauty than floral. Mike Ashman's production of "Der Fliegende Holländer" gets off to a reasonably good start with Deland's ship and the Dutchman's credibly moored in their Norwegian cove, although the latter's is so tilted to the bow that the Dutchman has a perilous descent to land. Trouble begins when we are introduced to Deland's home and the spinning room. Suddenly we are pitched forward to circa 1940 and what appears to be a hawser factory, with the women's chorus, white smocked and mob-capped, presided over imperiously by Senta's nanny, Mary, from a high desk on rollers, and with a trousered Senta zooming over a portrait of the Dutchman in an attitude reminiscent of Salome drooling over the head of John the Baptist.

The bare set reminds us that David Fielding, the designer, was responsible for the gym/torture chamber that contributed to the fiasco of the ENO's "Mazepa" a season ago — not a spinning wheel in sight, nor any household furniture, making a mockery of the wonderfully oomapatopic music Wagner devised for his spinning chorus. And so it goes, the mischief exacerbated in each case by the fact that it defaces respectable performances by the singers, conductors and orchestras unhappily involved. The ENO's "Parsifal" was helped by the coincidence of the two productions in that when the American Warren Ellisworth, scheduled to sing Parsifal, came down with the flu, he could be replaced by Siegfried Jerusalem, the Erik of the Royal Opera's "Der

Death of Impressionist Works Is Boost to Obscure Artists

International Herald Tribune

LONDON — The supplies of Impressionist art are running out. Never was the death of representative works as blatant as in sales this week at Christie's and Sotheby's. It resulted in a spectacular transfer phenomenon, boosting artists who would not have been taken very seriously five years ago. The penny was most apparent Tuesday morning at Christie's. The only Impressionist picture the auction house could find as a cover

Souren Melikian

illustration for the catalog was a painting by Theo van Rysselberghe. A nude woman is reclining on a leather settee in a posture that manages to be both conventional and clumsy. Her feet are pressing against the gleaming leather of the settee's arm, the middle of her body is uncomfortably propped against the back and her bust is acrobatically twisted so that it may be seen three quarters. A nondescript cushion in *lower right* allows a young woman to hold her head half-raised. She shields her eyes with her arm, probably to conceal her embarrassment at the slightly farcical scene.

If the great achievement of Impressionism was to render volumes and perspectives through colored light effects, this painting misses it entirely. Nor does it have the suggestive quality of the brushwork. A kitsch study in an Impressionist scheme — mauve, greyish blue, salmon yellow — is the best way to describe it. The painting sold for \$41,040 (about \$60,700) — about five times the price it might have fetched five years ago.

The next closest approximation to Impressionism at the Christie's sale was a curious study of two women and two men by the obscure Louis Anquetin. The composition gives the strange impression of figures caught in a snapshot cropped sharply in all sides. At left the frame cuts lengthwise through the bust of a man in a top hat; only the back of his head and shoulders are visible. At right, the impish face of a woman appears over the shoulder of a man in a bowler hat that takes up much of the space. The man in the bowler turns his back to the viewer, talking to a woman in a plume hat who is watching him intensely with a broad, unpleasant smile.

Signed and dated 1892, the study, which is skillfully done in pastel on paper, is little more than a brilliant guess at the Impressionist manner around World War I and between the wars, when avant-garde painters had been through Fauvism, Cubism, and Abstractionism. Le Sidaner's work used to be prominently featured in Right Bank art galleries that cater to tourists anxious to take home a cultural souvenir of France.

At Sotheby's sale later Tuesday and on Wednesday, the transfer phenomenon continued to operate in favor of the fellow travelers of Impressionism but had little effect on minor works by true Impressionists. Gustave Caillebotte was a

French art connoisseur and friend of the Impressionists who deserves to be admired for his patronage and his generosity to French museums, but the paintings he did in the style he loved so much did little to enhance his stature. Sotheby's sale included a portrait of a friend of his, Pierre Rabot. The man, standing with his hands crossed behind his back and his right foot conventionally set slightly ahead of the other, looks grim and bored. The scene is the attic of a country house, with the artist's easel in the background. Caillebotte probably meant to catch the mood of Manet but achieved only a colored interpretation of a conventional photograph, to which he has given a slightly hurried outline. The portrait went up to an improbable \$94,600, exceeding even Sotheby's inflated estimate of \$60,500 to \$77,000 (incorporating the 10-percent premium).

Yet when it came to Renoir, Pissarro or van Gogh, prices remained close to the lower end of the estimate ranges. Immediately after the Caillebotte, the portrait of a young girl by Renoir was sold for \$121,000, Sotheby's lower estimate. It is one of those semi-finished Renoir sketches that give the disturbing impression of having been touched up later to enhance the color scheme; the lips look peculiar. But no such criticism can be leveled at the Pissarro landscape that followed. "Le Berceau à Eragny," dated 1893, shows a patch of filled earth in shades of pink, salmon and yellow, set against a curtain of trees, with two tiny figures of peasant women. The composition is as trite as they come in

Pissarro, but the brushwork is excellent, as is the handling of light playing on the foliage. It was knocked down at \$165,000 (\$181,500 with premium), compared with Sotheby's estimate of \$176,000 to \$220,000.

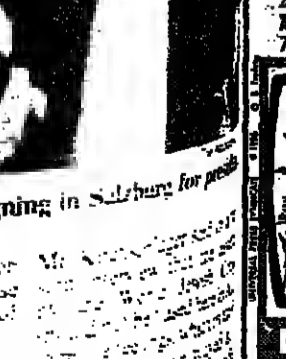
The star piece, illustrated on the cover, met a similar fate. This is a small sketch painted by van Gogh at Arles in 1888. A man with his back to the viewer strides off on a dirt road. A ginger-haired woman wearing a long red skirt and a red mantilla thrown over her shoulders rests her arm on his shoulder. Letters written by van Gogh to his friend Emile Bernard and to his brother Theo indicate that this is one of several sketches for a landscape that was to include a drawbridge and sailors accompanied by their sweethearts. The result did not satisfy van Gogh, who, according to Sotheby's catalog, retained only this sketch. Even it is no great shakes: It was well sold at \$280,500, against an estimate of \$275,000 to \$352,000.

The most desirable painting in Sotheby's sale was perhaps a Cubist work by Gino Severini, "Tango Argentino," done in about 1912-13. The Italian artist, who belonged to a movement called Futurism, is only now coming into his own. At \$132,000, this picture — in which, after a prolonged scrutiny, one can make out two figures dancing — exceeded the higher end of Sotheby's estimate by one-third. Almost totally abstract, it is as advanced as Picasso or Braque's work at that time, but there is a movement to it and an slanting that is very Italian. Even the dullest of sales will often conceal at least one gem.

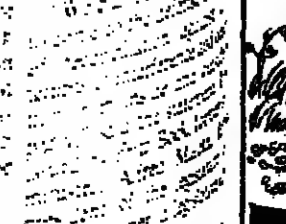
Evoked Anger

Evoked Anger  
was founded in 1971 by Sue Davies of the Institute of Contemporary Arts to treat photography as an art form, and it has prospered. The exhibition is called "Henry's Liberation" (and Freedom), which was the slogan of the revolution "La Cucaracha" was its song, and it shows us how the soldiers in that endless, many-sided battle looked like on all sides: They were all young, often too young, poor, dark-skinned, heavily draped with bandoliers of cartridges, moved by their restless and ruthless officers across the vast, roadless country in freight trains, accompanied by wives or girlfriends — the soldiers, the real heroines.

MOONSBURY



DEAR GOD, WHY I WRITE A LETTER TO PRESIDENT REAGAN.



BUT I ALSO TOLD HIM IT DIDN'T SEEM FOUR HUNDRED FIFTY SEVEN MILES FROM THE BORDER. ARE ISRAEL AND BROWNSVILLE ARE MUCH CLOSER TO NICARAGUA!



I TOLD HIM BOUT HOW CAREFUL HE'VE BEEN HERE, EVER SINCE HE WARNED US 'BOUT THE SEA OF RED LAMP AT AMERICA'S BORDERS.



THANK ME SHOULD WARN THEM, SURE. DEAR GOD.



THANK ME SHOULD WARN THEM, SURE. DEAR GOD.



THANK ME SHOULD WARN THEM, SURE. DEAR GOD.

Metropolitan Has New Wing

The Associated Press

NEW YORK — The Metropolitan Museum of Art has unveiled a \$26-million wing for 20th-century art and named it in memory of Lila Acheson Wallace, co-founder of Reader's Digest and one of the museum's greatest benefactors.

William B. Macomber, president of the museum, said works of art would be installed by next year in the two-story wing, which has 110,000 square feet (10,220 square meters) of floor space. The wing will be opened to the public in February 1987.

Wallace established foundations that provided \$11 million for the wing, said Philippe de Montebello, director of the museum. The city contributed \$8 million and the museum \$7 million, he said. Annual operating costs are estimated at \$2.5 million, of which Wallace's contributions will cover about half.

A raincoat with the Lanvin signature in your attaché case

To ensure that you are not caught napping when it starts raining, here is an extraordinary raincoat with matching cap. It is made of oiled cotton, a 100% natural fiber, and it is so fine that it rolls up into a pouch and goes easily into the glove compartment of your car or your attaché case!

Pull it out of its pouch and give it a shake. The creases come out in seconds. You stay dry, and you stay elegant as well. Lanvin is offering it in two versions: in raglan cut or with set-in sleeves, both in 14 different colors.

Or maybe you'd prefer a sumptuous raincoat made and lined in pure silk. This one is supertight, too. In black, beige, navy or putty.

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2, rue Cambon, 75001 Paris - TEL (1) 42.60.38.83

Scott Ship Goes to Scotland

The Associated Press

LONDON — The wooden-hulled Discovery, the ship that carried first Antarctic expedition in 1901, was maneuvered by tugs through locks here Thursday to start for a new home in Scotland.

After being a floating museum on the River Thames for 51 years, the 1,600-ton ship is returning to Dundee, where it was built, to be the centerpiece of a £30-million (\$44.4 million) waterfront development. Since the ship had its engines removed years ago and was considered unfit for the rigors of a tow through the North Sea, it will travel aboard a Dutch semi-submersible.

For the move out of St. Katherine Docks at Tower Bridge, where it has undergone renovation, the 225-foot (68-meter) Discovery was insured for £10 million. The move was timed for the highest tide of the year. There was only half an hour for the task, when the tide in the river was at the same height as the water in the dock. "There was only six to nine inches clearance to get



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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The Cost of Chauvinism

Like 19th century America, the Third World needs capital — and it never stops asking — it has to go at least halfway toward conditions that foreign firms require before they will put themselves at risk.

World wants capital — and it never stops asking — it has to go at least halfway toward conditions that foreign firms require before they will put themselves at risk.

Appointments to the Fed

The White House now pleasantly says that President Reagan may well decide next year to appoint Paul Volcker to a third term as chairman of the Federal Reserve Board.

versed his vote shortly afterward. With that the coup failed, and its leader, Vice Chairman Preston Martin, resigned from the board.

Other Opinion

Crucial Momentum in Manila
The decision to declare a provisional government and promise elections within a year hys the Aquino election time. What it cannot do is postpone awkward decisions indefinitely.

and his family and associates. Bern has shown more resolve than Washington. The freeze will provide an opportunity for representatives of the new government to press their investigation of evidence of wholesale looting of national resources.

Switzerland Shows the Way
Switzerland has earned global respect for its decision to freeze the assets of Ferdinand Marcos, the deposed president of the Philippines.



Exciting News for Hijackers: Plastic Handguns

By Josh Sugarman

WASHINGTON — In a terrifying example of progress outpacing common sense, the handgun industry is poised on the brink of the first major change in concealable firearms in this century — plastic handguns.

Libya's Moamer Qadhafi has expressed interest in acquiring 100 to 300 Glock 17s. Glock plans to license and supervise the installation of assembly or manufacturing plants in countries "where local demand by official customers" justifies it.

shooter in America. Will people take to plastic guns? People will take to anything that is better. In the January 1986 issue, Mr. Molchan reported that calls from U.S. dealers were coming into Glock by the hundreds.

The Arms Race Is Wearing Down the Superpowers

By Hobart Rowen

WASHINGTON — A shrewd observer of the Washington scene, Lester R. Brown of the Worldwatch Institute, thinks that unless President Reagan abandons the arms race, history will not remember him for anything positive but for doubling the national debt and losing the race for economic power to Japan.

in the range of 30 percent over Western competitors, before considering exchange rates. "The advantage is unbearable," they say.

system is shaky, and Mr. Brown points out that a portion of the \$213-billion farm debt — like Third World debt — will never be repaid.

Lots of Research, but Too Much of It Military

By Daniel S. Greenberg

WASHINGTON — An illustration of America's sliding performance in the high-tech sweepstakes for world markets was provided recently in the East Room of the White House.

that were born in American laboratories or at least are well understood by American technologists?

money to military programs. The figure for West Germany is 10 percent. The U.S. government spends 73 percent of its research and development money on military programs.

A 'Miracle' or the Makings of a Crash?

By John M. Culbertson

MADISON, Wisconsin — Is the U.S. economy really healthier than it has been for decades? And is it, as President Reagan asserts, headed for an even greater boom?

watching wave after wave of businesses get caught in the downward spiral. The Federal Reserve Board, exempted from responsibility to act by the doctrine of laissez-faire — in vogue then, as now — did nothing as the economy self-destructed.

also set off turmoil in the banking and financial system that may be uncontrollable. Farms are once again going belly-up, as are many banks.

FROM OUR MARCH 29 PAGES, 75 AND 50 YEARS AGO

1911: Royalists Seized in Portugal LISBON — The newspaper "Mundo" states that the Provisional Government has discovered a Monarchical secret society called Sabonaria, with branches and many members throughout the country.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

The Lesson Of Easter's Subversive

By William Pfaff

PARIS — The Christian Holy Week begins in the acclaim given Christ on Palm Sunday and leads on to the crucifixion, and then to the resurrection on Easter Sunday.

In the American past, not quite the same ethical tension was presented by this as is the case today. The version of Protestantism which dominated American civilization from the 16th to the 19th centuries was deeply marked by a Calvinism which was as inherently corrupt, and by human success as evidence of God's unfathomable election.

As immigration changes the ethnic and racial makeup of the country in a dramatic way — the 1970s saw more immigrants arrive in the United States, overwhelmingly Latin and Asian, than during any previous decade in American history — the dominant culture seems less changed than one would expect.

LETTERS TO THE EDITOR

Pakistan and the Sikhs
In response to the report "Sikhs Disclose Backing by Pakistan" (March 14): The government of Pakistan has categorically denied the allegation, made in the Indian Parliament on March 13, of Pakistani involvement in the Sikh unrest in East Punjab.

Comment Out of Bounds

Rob Hughes should stick to soccer. His remark about Finland (March 5) that the Russians "dictate the way they live" insults a country that has fought and worked hard to achieve independence and enjoys a vigorous parliamentary democracy.

Gruber: Not a Socialist

In your report (March 5) on Kurt Waldheim's Nazi-era activities you mentioned that later, in 1946, he was appointed private secretary to Karl Gruber, then Austrian foreign minister.

Vertical text on the right edge of the page, including "Markets C", "Money Rates", and "Dollar Value".

ECONOMIC SCENE

Series of Positive Events Makes a Case for Euphoria

By LEONARD SILK
NEW YORK — Euphoria is the order of the day on Wall Street. Market sages, remembering 1929 and other disasters, tell us that euphoria always self-destructs and that belief in a "new era" is always the beginning of the end.

And if this is not a new era, in the sense that nothing can go wrong on the road to riches, is there good reason to believe that the economy and the stock market can continue to roll onward and upward for several months to come? Stocks rose again Thursday.

One dramatic indicator of worldwide confidence in the U.S. economy this week was the behavior of the foreign-exchange and gold markets in the face of fighting between the United States and Libya in the Gulf of Sidra and the events in Central America and South Africa.

For Mexico, Texaco's chief economist, said the present price of crude oil, in the vicinity of \$14 a barrel, is a short-term result of the fact that "Saudi Arabia is no longer a patsy, no longer willing to play the role of swing producer by absorbing the output cut needed to stabilize prices."

THE CONSENSUS of the oil experts at the UN meeting was that the price of oil would stay volatile, oscillating within a range of \$10 to \$20 a barrel. Only a few thought it might break \$10 because of the danger that too low a price would bring political retribution upon the Saudis from other OPEC members, possibly even invasion from Iran.

Defining oil prices have brought about an enormous shift of income from oil producers to consumers, amounting to close to an estimated \$180 billion a year. That shift implies greater economic growth for the industrial countries.

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U.S. Index Higher in February Rebound Seen In 0.7% Rise

WASHINGTON — The index of leading indicators, a key barometer of future U.S. economic activity, jumped a sharp 0.7 percent in February, and analysts and government officials said the gain shows the economy is poised for a strong rebound.

The Commerce Department said the increase was the strongest since December, when the index rose 1.5 percent for its biggest gain in more than two years.

The department also revised the January index to show that it was unchanged from December. It had originally reported a fall of 0.6 percent, sparking concern about a possible economic slump.

"The new figures are the latest in a continuum of strong economic news," said the White House spokesman, Larry Speakes. "There can be little doubt that 1986 will be a very prosperous year for a growing number of Americans."

As measured by the gross national product, the total output of goods and services, the economy grew just 2.2 percent in 1985, the slowest rate since the recession year of 1982. The Reagan administration is forecasting that growth this year will be a robust 4 percent.

While many private analysts agreed that falling oil prices and lower interest rates will spur growth, some cautioned that the rebound may not come until the second half of the year.

"We have a current pattern that is sluggish," said Lawrence Chimerine, president of Chase Economics, a private consulting firm. He noted that consumer spending has been weak this year and factory production fell in February.

"But the underlying fundamentals — oil prices, interest rates and the dollar — are getting better," he said. "This suggests that the economy is going to pick up in the second half of the year and the leading indicators are telling us that. We will have modest growth but no boom."

Two-thirds of the February increase came from a big jump in new orders for business equipment. Analysts said this increase showed growing optimism that the falling dollar will help boost sales in coming months.

After the rise in capital-equipment orders, the biggest positive factors were a rise in stock prices, an increase in the money supply, a gain in the number of new businesses and a slowdown in the pace of business shipments were made, reflecting increasing demand.

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Pinching Pennies in the Land of Yen

Melons Cost \$45 While Cheerios Top \$5 a Box

By Clyde Haberman
TOKYO — Modern Japan has long been an expensive place, but for many Americans who visit or live here, things are starting to get out of hand.

Herbert F. Hayde went to the barber recently for his regular haircut and manure, and gulped extra hard after paying the equivalent of \$57. "One may wait a little longer for the next haircut," decided Mr. Hayde, who heads Burroughs Corp. in Japan.

Not that he expects people to feel sorry for him. Like many Tokyo-based American business executives, Mr. Hayde is cautioned by company policy against the more severe blows of the mighty yen, which on March 18 touched a postwar high against the dollar of 174.25 in New York.

(The yen closed Friday in Tokyo at 179.95 amid signs that Japan is acting to stem its rise.)

Even so, with the dollar worth about 32 percent less than a year ago, life in Japan has suddenly become a bit more painful for all Americans, whether they are business people, military personnel, diplomats, students or tourists.

And the pinch is coming as a number of American investment houses are planning to send even more Americans here to take advantage of Japan's easing of restrictions against both foreign participation in its financial markets and Japanese investment abroad.

What they will find is a city where a boneyard melon now sells for as much as \$45 and butter costs \$4.35 a pound. Climbing into a taxicab means paying \$2.65 at the outset.

It costs \$8.50 to go to a movie and \$9.25 to buy a pound of coffee. In one recent newspaper advertisement, the rent on a well-situated house in Tokyo (three bedrooms, dining room, five-minute walk to the subway) was \$7,425 a month.

Sorry, the rental agent said, heating and utilities were extra.

Of course, not everything is so expensive. Ben & Jerry's sell at 25 cents for a large bag, and one can get a nourishing bowl of vegetables and noodles in soup for \$3 or less. Calls from public phones can be made for the equivalent of a nickel.

But the fixed-price tempura lunch that was a bargain at \$6 now looks, to many Americans, a bit pricey at \$8 or more. At the U.S. Embassy, one group that used to conduct business over a weekly lunch at a nearby restaurant now holds a "brown-bag meeting" in the office.

"Our cafeteria's really crowded these days," a diplomat said. Unfortunately for U.S. officials, the State Department's re-adjustment of cost-of-living allowances tends to lag behind fast-changing economic reality just enough to make life uncomfortable.

The same holds true for some American companies. "I used to be able to put a regular portion of my pay into lunch that was a bargain at \$6 now looks, to many Americans, a bit pricey at \$8 or more."

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American businessmen in Tokyo's business district, and Americans dining at Chinzanso restaurant in Tokyo.

Renault Losses In '85 Estimated At \$1.5 Billion

By Axel Krause
PARIS — Renault, France's government-owned automaker, said Friday that its estimated net loss for 1985 was 10.9 billion francs (\$1.5 billion), smaller than the 12.5-billion-franc loss in 1984.

The 1984 losses were the largest ever for a French company. The company's goal remains to become profitable by the end of 1987 or early 1988, a spokesman said after Georges Besse, Renault's chairman, presented the 1985 results to the board.

"We will remain in deficit, but the improvements should continue," the spokesman said. Renault's sales last year rose 3.9 percent to a record 122.1 billion francs, while investments fell from 9.9 billion francs in 1984 to 8.2 billion francs, the company reported.

The sales figures exclude American Motors Corp., which is 46.4 percent owned by Renault, and Mack Trucks Inc., in which Renault has a 45-percent interest.

The reduction in losses began during the second half of last year, a company spokesman said. He said the company followed a policy of reducing inventories, increasing exports and obtaining moderate price increases for all models in July, while pursuing job cuts.

The main improvement came in the company's truck, bus and industrial-vehicle division, whose pretax net loss was 1.9 billion francs, compared with 2.7 billion francs in 1984. The division accounts for 13 percent of total sales.

However, the pretax losses of the company's automobile division, accounting for 72 percent of sales, widened in 1985 to 10.9 billion francs from 9.8 billion francs in 1984, the company reported.

A spokeswoman for Peugeot said Friday that the group would not report its 1985 financial results before June. However, she confirmed earlier estimates that Peugeot expected to report a small net profit for 1985 and that the group's profitability would continue rising throughout 1986.

"As Mr. Calvet has said, we are only at the beginning of a long path to recovery," she said. In 1984, the Peugeot group's consolidated net loss was 341 billion francs, compared with 2.59 billion francs in 1983.

China Planning Limited Liability
BEIJING — A decision to experiment with limited liability companies has been made by the economic, technological and social development research center of the State Council, the official China Daily said Friday.

However, it concluded that China should not blindly copy the models of such companies in the West and "in particular, speculation in stocks and bonds should be avoided," the newspaper said.

Joint venture companies formed with foreign companies in recent years are limited companies, but there are no such companies that are wholly Chinese owned, one Western legal expert said. Prime Minister Zhao Ziyang, in a speech to the National People's Congress earlier this week, said there was a pressing need to make government-owned enterprises more independent and responsible for their own management and profits and losses.

And it is that what the Japanese really want? I think not."

Production of the videocassette recorder itself, Mr. Dekker said, is not so important for its own sake "but rather for the technology that goes with the VCR: Lasers, ceramics, heads, magnetics and a thousand other things."

Mr. Dekker said the vulnerability of the U.S. electronics industry, because of its concentration in computers and digital devices, already has been demonstrated by the boom and bust in sales of personal computers in 1984 and 1985.

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Philips Chief Says Electronics in U.S. in Danger

By Sam Jameson
TOKYO — A bottom-line philosophy and short-term goals have triggered a disastrous movement in the U.S. electronics industry that endangers its survival, Wisse Dekker, president of the giant Dutch Philips NV, said here this week.

Calling his company "the only international company holding its ground, and more, against Japan in the field of consumer electronics," Mr. Dekker bemoaned U.S. companies' abdication from the field.

"There is hardly anything left" in consumer-electronics manufacturing in the United States, he said. He forecast that this will make it clear to U.S. electronics companies that "eventually it will be impossible for a diversified electronics industry to survive if the industry is not actively involved in consumer electronics."

He criticized U.S. electronics companies for failing to respond to Japan's challenge. He said that, many years ago, when Japan started to produce more attractive and better-priced products, most of the U.S. companies engaged in consumer electronics did not worry about how to respond but rather started buying products from Japanese sources, marketing them under their own label.

"Thus they paved the way for their most formidable competitor, Japan," he said. He said that today, none of the more advanced consumer-electronics products is made in the United States.

"Not one of the 12 million VCRs sold in the United States is manufactured there. The same is true for compact-disk equipment. There are other examples and, most certainly, more to follow in the future."

He said U.S. industry has suffered many setbacks because it has dropped out of manufacturing consumer products. Not only is the consumer electronics field growing by 25 percent a year, but miniaturization, digitalization and integration in consumer electronics are linked with professional systems that integrate computers and telecommunications, he said.

"If you drop out of the learning curve, you will never be able to get back in," he warned. Mr. Dekker said the U.S. failing to respond but rather started buying products from Japanese sources, marketing them under their own label.

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Wisse Dekker

Currency Rates

Table with columns for Currency, Unit, and Rate. Includes sub-sections for Cross Rates and Other Dollar Values.

Interest Rates

Table with columns for Instrument, Rate, and Maturity. Includes sub-sections for Eurocurrency Deposits and Key Money Rates.

Asian Dollar Deposits

Table with columns for Location, Rate, and Maturity.

U.S. Money Market Funds

Table with columns for Fund Name, Assets, and Yield.

Gold

Table with columns for Location, Price, and Change.

JAL to Fly To London Nonstop

TOKYO — Japan Air Lines said Friday that it will begin the first regular nonstop flight between Tokyo and London, while its rival, All Nippon Airways, prepared to expand into the competitive trans-Pacific market.

A recent decision by the government to abolish JAL's monopoly on overseas air service enabled ANA, Japan's largest domestic carrier, to compete with the flag carrier internationally.

JAL said a weekly Tokyo-London flight, beginning April 1, is part of an expansion that includes a new service between Tokyo and Atlanta, starting in July, and four weekly flights between Honolulu and Nagoya, Japan's fourth largest city, about 186 miles (300 kilometers) west of Tokyo, beginning April 4.

Service to Australia will be bolstered with the addition of two joint operations with Qantas, Australia's flag carrier, linking Tokyo with Perth, Cairns and Brisbane, JAL said.

It said 10 new Boeing jetliners, seven 747s and three 767s, will boost the company's fleet of 87 aircraft, which includes 55 747s.

ANA's president, Tazuo Nakamura, said Friday that the airline also hopes to start regular service soon to Beijing and Shanghai.

JAL presently is the only Japanese airline serving Beijing and Shanghai.

U.S. Capital Rules Eased For Farm, Energy Banks

WASHINGTON — Federal regulators took coordinated action Friday to help U.S. banks that have been hard hit by problems with agriculture and energy loans.

New guidelines to help the bank were issued by the Office of the Comptroller of the Currency, the Federal Reserve Board and the Federal Deposit Insurance Corp.

The package generally includes permission for some banks to allow their capital temporarily to fall below the currently required 6 percent of assets. Qualifying banks would be able to let their capital — their cushion against losses — fall as low as 3 percent without being subject to regulatory sanctions.

Also included in the packages is use of an accounting rule that permits restructuring of delinquent debt, as long as the original principal amount ultimately will be repaid, and an easing of the requirement that restructured loans be counted as nonperforming assets.

Banks would qualify only if they could show that they could meet the normal standards again in five to seven years.

The action came as Congress adjourned for a week-long Easter break without passing legislation that farm groups had sought to achieve the same regulatory changes in time for the spring farm lending season.

The changes, endorsed earlier in the week by the Senate Banking Committee, became bogged down as senators sought to load the legislation up with unrelated riders on other banking issues.

Worried that nothing would be done before Congress' April 8 return, 30 senators wrote the three

Advertisement for 'The Value Line' featuring '1700 AMERICAN STOCKS' and 'HARD FACTS ON'.

Advertisement for 'RESERVE INSURED DEPOSITS TRUST' and 'GOVERNMENT SECURITIES FUND'.

Markets Closed

Most financial markets and banks were closed Friday in Asia, the Western Hemisphere and Europe for Good Friday. However, markets were open in Japan and Italy. On Monday, most European and Latin American markets will be closed, as well as some Asian ones. However, the Singapore and Tokyo markets will be open.

Vertical text on the far left edge of the page, including 'The Les Of Easter Subvers' and 'E EDITOR'.

BUSINESS ROUNDUP

Dresdner Net Rose 18% in 1985

FRANKFURT — Dresdner Bank AG reported Friday that group net profit rose to 443.7 million Deutsche marks (\$191.3 million) in 1985, an 18-percent increase from 375.9 million DM in 1984.

DM on 1984 results. Payments into reserves were 100 million DM after 110 million in 1984. "Our dividend is based not only on 1985 earnings but also includes a confident assessment of the current year. The good start in the current year supports this," Mr. Röllner said.

Published group profit provisions, which under West German accounting practices do not necessarily reflect the actual figure, fell to 1.03 billion DM from 1.07 billion. Wolfgang Leeb, the finance chief, said the amount of 1985 provisions was at the 1984 range of 1.25 billion to 1.5 billion DM. Three-quarters of this was for foreign provisions, mostly country risks.

GM to Raise Prices of New Cars by 2.9%

By John M. Broder Los Angeles Times Service LOS ANGELES — General Motors has decided to raise new car prices by 2.9 percent, in a move that one analyst termed "suicidal."

Mexican Retailer Battles Recession

By William Stockton New York Times Service MEXICO CITY — While inspecting one of his stores recently, Felipe Garcia, president of Almacenes Garcia, a chain of discount variety stores here and in other major Mexican cities, spied a female mannequin without hands.

U.S. County Considers Borrowing Overseas

By Bill Sing Los Angeles Times Service LOS ANGELES — Los Angeles County is exploring the possibility of raising as much as \$500 million from European and Asian investors this year, which would make it the first U.S. municipality to borrow overseas.

China to Assist Tung Group

TOKYO — China is to inject more than \$100 million into the financially troubled Hong Kong-based Tung shipping group, which has business links with Beijing's political rival, it was reported here Friday.

Citicorp's \$680-Million Bid Is Inadequate, Quotron Says

LOS ANGELES — Quotron Systems Inc., one of the world's biggest providers of financial information, has called Citicorp's \$680-million merger offer inadequate and said it is exploring its options.

Prices for cars from Japan's top four car makers have risen by an average \$1,025 since Oct. 1, because of the dollar's fall against the yen, according to the trade newspaper Automotive News, while U.S.-made cars have risen an average \$400.

The price increase, which takes effect April 14, amounts to 2.9 percent on the "average-equipped" 1986 model, the company said. GM declined to give prices for individual models. The increase will average more than \$300 a car, industry analysts estimated.

Almacenes Garcia, which has 18 stores, including five in the metropolitan Mexico City area, caters to the Mexican working class. Its customers are laborers, secretaries and government and factory workers — people who earn the minimum wage of less than \$100 a month and slightly above.

It was founded 46 years ago by Mr. Garcia's father, who sold only clothing. The company remains family-owned, but now employs 1,000 people and has ambitions to open several more stores. If the chain, which sells everything from clothes to housewares to toys at discount prices, can be compared to an American retail operation, it might be a smaller version of K Mart Corp.

'Our biggest problem is that our customers don't have much money to buy our goods. So they are buying less.'

— Felipe Garcia President of Almacenes Garcia

Our biggest problem is that our customers don't have much money to buy our goods. So they are buying less.

Such behavior was unusual for us a few years ago," Mr. Garcia lamented. The shrinking peso, coupled with shrinking wages, means that when Almacenes Garcia charts its gross sales between 1978 and 1985, using constant 1978 pesos, the chain's total sales are down 35 percent. Mr. Garcia said other retail companies of a similar size have had the same experience.

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INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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COMPANY NOTES

Alfa-Romeo & Nissan Antiorioledi SpA, a joint venture of the two automakers, will resume car production soon, according to a Nissan Motor Co. spokeswoman.

AIC Credit Co., a Japanese subsidiary of Associates Corp. of North America, will take over Avco Financial Services of Japan Inc. in May for an undisclosed sum.

Bethlehem Steel Corp., the third-largest U.S. steelmaker, said it will report a first quarter loss exceeding the \$62-million deficit it reported in the first three months of 1985, bringing its losses to \$2 billion since the first quarter of 1982.

CFM International, a U.S.-French consortium, has been awarded a \$461.4-million contract to a contract for work on engines for KC-137 aircraft, the U.S. Air Force said.

Fruehauf Corp.'s chairman, Robert D. Rowan, said he will ask directors to reject a bid by Asher B. Edelman, a New York investor, to win control of the truck-trailer manufacturer.

Koto Mfg. Co., which is owned 20 percent by Toyota Motor Corp., is considering a joint venture to produce auto lamps with two Chinese companies, Beijing Automobile Lamp Factory and Shanghai Auto Lamp Factory.

McDonnell Douglas Corp. and Shanghai Aviation Industry Co. will begin co-production of at least 25 U.S.-designed MD-82 commercial jetliners at a new plant in Shanghai on April 1, the Xinhua news agency said.

Occidental Petroleum Corp.'s shareholders have approved the acquisition of Midcon Corp., paving the way for a \$3-billion merger. The transaction is expected to be concluded Tuesday, Occidental said.

Penzoil Co.'s request to protect its \$11.1-billion judgment against Texaco Inc. by filing liens on the larger oil company's assets was denied in the New York appellate courts. The judgment, made last November, said that Texaco violated Penzoil's rights in the bidding for Getty Oil Co., which Texaco eventually acquired.

Union Pacific Corp. will sign an agreement on April 1 with Hydro Energy Laboratory Project Inc. to produce a hydrogen engine designed by the Japanese concern. Union Pacific, which has a railroad of about 10,500 miles (17,000 kilometers) in the United States, expects the engine to halve its fuel costs.

ADVERTISEMENT

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 28 March 1986

The market value of securities as reported by the Funds listed with the exception of some quotes based on issues prices.

Table with multiple columns listing various international funds, their market values, and other financial data. Includes funds like AL AMAL MANAGEMENT, AL ALBANI TRUST, etc.

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BUSINESS PROFILE / Stanley C. Pace, New Chairman and Chief Executive of General Dynamics Corp.

Using Gentle Persuasion to Alter a Business Ethic of 'Catch Me If You Can'

By Nicholas D. Kristof

New York Times Service

ST. LOUIS — As his B-2 bomber tumbled from the sky over Germany 42 years ago, the pilot, Stanley C. Pace, leaped through a wall of flames and plunged from the bomb bay, parachuting to the ground. He spent months recovering from his burns in a German hospital, then was shipped to a prison camp, but he survived.

Now Mr. Pace, 64, has taken another plunge — but this one places him where the fire is hottest. Last May, on the brink of retirement, he left the security of TRW Inc. to join the embattled General Dynamics Corp. His mission: to restore credibility to the leading U.S. military contractor — the jet fighter, Trident submarine, and Tomahawk and stealth cruise missiles.

Mr. Pace joined General Dynamics as vice chairman and heir apparent to the then chief executive, David S. Lewis. Known in business circles for his honesty and fairness, Mr. Pace was brought in after the navy suspended the company from new contracts because of "pervasive" misconduct.

Reinstated three months later, General Dynamics was again suspended in December — four weeks before Mr. Pace became chairman and chief executive. The new suspension came on the heels of a federal indictment in which the company and four present and past executives were accused of illegally billing the government for cost overruns.

Quieting congressional and press criticism will be an immense challenge for Mr. Pace. Government investigators are still poring over company records and may dig further embarrassments. But Mr. Pace says he is determined to forge a new era, although critics say he

may find it difficult to convey his resolve to each of his 100,000 employees. "Getting something to percolate down is a hell of a struggle," said Everett Pyatt, assistant secretary of the navy.

And Mr. Pace may be hampered in that struggle by his much-acclaimed humanity. Colleagues universally describe him as humane, diplomatic and intelligent, but the word "tough" never comes up. Indeed, he has not fired anyone. "I decided not to be judge and jury of the past, because there was nothing I could do about it," he said. "I see no basis for firing 25 or 50 of the top people."

Still, his efforts so far to change what Mr. Pyatt calls a "corporate ethic of 'catch me if you can'" helped to win the company reinstatement from its second navy suspension. Under a much-criticized agreement entered into last month, General Dynamics can receive new contracts even if it is indicted again for past conduct. In return, it has agreed to reimburse more than \$22 million to the government, and to create a \$50-million escrow account to cover any future liabilities. The agreement is viewed as a triumph of sorts for Mr. Pace.

With all this, Mr. Pace must decide whether General Dynamics should diversify. About 89 percent of 1985 revenues came from government contracts, virtually all of them with the military and the National Aeronautics and Space Administration. But, last year, the company purchased Cessna Aircraft Co., which makes business and personal aircraft, for \$675 million in an effort to lessen dependence on the military. Now Mr. Pace has hired McKinsey & Co. consultants to study further diversification.

It is a risky business. "Diversification is not something defense companies have been able to do



Stanley C. Pace

successfully," said Gary J. Reich, an analyst at Wertheim & Co. In the case of General Dynamics, he added, "it would be very foolish to try to diversify out of defense, because management doesn't know other areas."

For now, Mr. Pace is concentrating on an area that he, and the public, has become all too familiar with — business ethics at General Dynamics. He is leading an ethics campaign that has its roots in the company's first reinstatement pact with the navy last summer.

"What I want to avoid is a continuation of this vulnerability," he said. "It's not just a question of writing a memo and pronouncing it from on high; you have to get it implemented with all 100,000 people."

In January, Mr. Pace summoned division heads to the St. Louis headquarters to discuss the new emphasis on ethics. A brochure has been distributed to all employees. A one-day workshop on new business-ethics policy is being held for all top managers.

Evening, all workers will participate in this seminar, which begins with a videotape of Mr. Pace asserting the importance of filling time cards out properly and of playing fairly with the government. Time cards now carry the message, "mischarging is illegal."

Hotlines have also been set up for employees to report misconduct. And corporate expense-reimbursement rules have been revised. Some are quite specific, clearly intended to correct past abuses or the appearance of impropriety.

Employees may be reimbursed for dry cleaning on business trips of more than five days, but no longer for hotel meals.

Employees no longer may bill the government for alcoholic drinks consumed with meals.

They may not bill the government for shoeshines or for boarding their pets. (Last year General Dynamics was criticized and mocked when it was found that an executive had charged the government for the costs of lodging his dog in a kennel.)

Will the ethics campaign take hold? Interviews with scores of workers at three General Dynamics divisions in San Diego suggest it is having some impact, but morale is still low and frustration high. For welders, painters and other relatively low-level workers, Stan Pace is still a distant figure, despite the brochures and videotapes.

There does seem to be a greater sensitivity to ethical questions. Workers now fill out their own time cards, while in the past their managers sometimes did it for them.

And two weeks ago, a worker in San Diego, who said his boss ordered him to falsify his hours, protested for the first time. A meeting was hurriedly held, the manager denied the charges, and the confrontation ended in a stalemate. But workers felt the protesting employee triumphed, and doubted the manager would make any future suggestions about time cards.

As he works to shape up the company's image, Mr. Pace is also trying to determine General Dynamics' general course. Even without new projects, the company's existing programs to build tanks, jet fighters, submarines, cruise missiles, NASA rockets and scores of other government products will continue well into the 1990s, earning it steady revenues for another decade. Ironically, for all the criticism of General Dynamics' business ethics, its products are widely regarded as technically excellent.

The F-16, for example, has delighted pilots and is the first American fighter plane that cost less to build than its predecessor.

"None of these big programs is in danger of being chopped out from under them," said Jerry Cantwell, an analyst at First Manhattan Securities. "They may be nicked in the budget process, but they have a very solid foundation."

But to get growth — and not just steady sales — Mr. Pace must diversify away from defense, making more purchases like the Cessna acquisition. Or he must win big new military contracts, like the advanced tactical fighter the air force would like to see built. Herbert F. Rogers, general manager of the division that builds the F-16, calls the new fighter a "must-win program," and the company has assigned hundreds of workers to develop a proposal for the project.

Mr. Pace is eyeing electronics,

space research and the Reagan administration's Strategic Defense Initiative, which are likely to command an increasing share of the military budget. The company is relatively weak in these areas, but Mr. Pace says he is looking for acquisitions.

He also says that the company may make a major purchase this year — perhaps outside the military industry.

For Mr. Pace, the road to the pinnacle of the military industry began at the U.S. Military Academy at West Point in the late 1930s.

He encountered General Dynamics for the first time as pilot. The B-24 planes he flew were built by a San Diego company that later was absorbed by General Dynamics. It was on his 39th combat mission that he was shot down. He was liberated by the Russians in 1945.

He joined TRW, the Cleveland-based military contractor, in 1954, eventually becoming president and vice-chairman, and was ready for retirement when he was approached last spring by General Dynamics. Mr. Pace said then he would serve as General Dynamics' chief for a maximum of five years.

Yen's Rise Pinches Lives Of Americans in Japan

(Continued from Page 7)

form of an allowance that is reviewed periodically. Honeywell Inc. readjusts salaries every month, relying on cost-of-living figures prepared by Organization Research Consultants, a widely used research company in the United States.

At Morgan Guaranty Trust, employees receive a basic dollar-base salary, supplemented by a fixed yen allowance that is calibrated up or down for high Tokyo prices. "It works fine," one banker said, "but you still have to pay more than \$5 for a box of Cheerios."

Paul J. Peouze, managing partner at the accounting firm of Peat Marwick, has the best insulation of all — he is paid entirely in yen. "I've not heard of a case where companies have let people go down the chute," Mr. Peouze said.

Less certain was Mr. Hayde of Burroughs, who is also president of the American Chamber of Commerce in Japan. He says he knows of businesses, most of them small, that have let their employees suffer the effects of a de facto cut in pay of 30 percent or more.

Among the most vulnerable Americans are the 46,000 men and women in the armed services stationed in Japan. Some hard-pressed enlisted people are said to be considering sending their families home.

Also noticeably affected are the more than 400,000 American visitors to Japan each year, as well as thousands of other non-Japanese who come here with dollars as their preferred currency.

Package-tour sales for foreigners are down 10 percent from last winter, according to Hideaki Aihara, an official at the Japan Travel Bureau. Joyce B. Wouters, a spokeswoman for American Express International, expected a similar decline to develop by late spring in her company's bookings from the United States to Japan.

"At the moment, Japan is looking very expensive," she said. Over all, American companies seem to be more resilient than they were in 1978, the last time the dollar sank to the 175-yen level. Operating costs may be higher and the need for money-saving economies may grow increasingly important. But most companies insist that it is too early — and Japan is much too important — for them to think about trimming staffs or looking for smaller offices.

It was those disinflationary effects that appeared to dominate the gold market this week, despite the tensions in the Gulf of Sidra and elsewhere in the Middle East as well as in Central America. Gold, with its ancient history as a medium of exchange and store of value, remains an alternative to currency and, hence, is the best indicator of inflationary expectations.

In the view of Jeffrey Christian, senior analyst of the commodity research group of J. Aron & Co., a division of Goldman, Sachs Group, the current weakness of gold — it fell again Thursday — is further evidence of the market's belief that inflation is still coming down.

And that translates, especially with the help of a more stimulative U.S. monetary policy, into lower interest rates. The cut in the Federal Reserve's discount rate, in the midst of the struggle over policy and power that led to Presto Martin's departure from the Fed, is likely to be followed by future rate reductions, here and abroad.

So a remarkable concatenation of events has occurred: falling oil prices, sustained economic growth in the United States and other industrial countries, lower inflation, lower interest rates, a lower dollar and surging stock and bond markets. It seems too good to last, but it is lasting.

China to Relax Price Controls

Agence France-Press

HONG KONG — China will this year relax its controls over consumer prices, which in 1985 leapt 15 to 20 percent in major cities, it was reported Friday in Hong Kong.

While a 9-percent increase was recorded in consumer prices for the whole country in 1985, the rise was much higher in major cities, the Hong Kong daily Wen Wei Po quoted a senior Chinese official as saying.

The director of Beijing's State Administration of Commodity Prices, Cheng Zhiping, attributed the sharp rises mainly to government regulations and partly to market fluctuations. "There will be no major price adjustments this year," he was quoted as saying. "Only very little state control will be applied on prices which appear notably unreasonable."

U.S. Sues General Dynamics For Alleged Fraud on Costs

Los Angeles Times Service

LOS ANGELES — The U.S. Justice Department has filed suit against General Dynamics Corp. for allegedly defrauding the government of \$3.2 million during 1979 and 1980 on a contract to build a prototype anti-aircraft gun.

The suit, which is likely to be among the largest civil suits ever against a military contractor, is an outgrowth of criminal indictments handed down in December against four current or former company officials. The legal actions spring from allegations that the division's Pomona, California, division shifted nearly \$13 million in cost overruns from a fixed-price contract on the Sergeant York gun to various overhead accounts that are reimbursed by the government.

The civil suit, filed Wednesday in Los Angeles, does not seek specific damages. But by "fraudulently mischarging" the army, the compa-

Lawyer Charged In Insider Case

New York Times Service

NEW YORK — An attorney at a law firm retained by GAF Corp. in its recent takeover offer for Union Carbide Corp. has been charged by federal authorities with passing inside information about the bid to a stockbroker.

In a criminal complaint Thursday, the Securities and Exchange Commission said Michael N. David, of Paul, Weiss, Rifkind, Whar- too & Garrison, passed information to Andrew D. Solomon, a research analyst for Marcus, Schloss & Co., an arbitrage firm. Mr. David was arrested Thursday and released on bail. Mr. Solomon was not arrested.

Marcus, Schloss subsequently traded on that information, a Justice Department spokesman said.

Seoul to Open Economy To Attract Investment

Agence France-Press

SEOUL — South Korea plans to open its market fully to foreign investment companies by 1991, pass legislation protecting foreign copyrights and patents and further open the private sector to foreign investment, the Economic Planning Board said Friday.

The measures are aimed at attracting a billion dollars in foreign investment by 1991, the end of the five-year economic plan, it said.

Thai Petroleum Output Falls

Bangkok Post

BANGKOK — Thai crude oil production fell to 594,472 barrels in February from 632,817 in January but was up from 517,997 a year earlier, the Mineral Resources Department said Friday.

INTERNATIONAL POSITIONS

ASIAN DEVELOPMENT BANK

The ASIAN DEVELOPMENT BANK is an international development finance institution established for the purposes of lending funds, promoting investments and providing technical assistance to developing countries and generally, for fostering economic growth in the Asian-Pacific region. Its membership comprises forty-seven countries, thirty-two of which are from the Asian-Pacific region and fifteen from Western Europe and North America. The Bank's Headquarters is in Manila, Philippines.

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The Case For Euphoria

(Continued from Page 7)

of economic analysis and projections, said that falling oil prices were positive for the industrial countries for three basic reasons: the improvement in their terms of trade, with the prices of manufactured goods rising relative to oil and other commodity prices; the "wealth" effect resulting from consumers' having more money left in their hands as they pay out less for energy, and the disinflationary effect on general price levels resulting from declining oil prices.

It was those disinflationary effects that appeared to dominate the gold market this week, despite the tensions in the Gulf of Sidra and elsewhere in the Middle East as well as in Central America. Gold, with its ancient history as a medium of exchange and store of value, remains an alternative to currency and, hence, is the best indicator of inflationary expectations.

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World Stock Markets

Table with columns for various stock indices and prices, including Nikkei, Dow Jones, and others.

Floating-Rate Notes

Table listing floating rate notes with columns for issuer, denomination, and price.

Pounds Sterling

Table listing various financial instruments and prices in pounds sterling.

Canadian Dollars

Table listing various financial instruments and prices in Canadian dollars.

Deutsche Marks

Table listing various financial instruments and prices in Deutsche marks.

E.C.U.

Table listing various financial instruments and prices in E.C.U.

Court Orders Robins To Recover Payments

RICHMOND, Virginia — A federal judge on Friday ordered A.H. Robins Co. to recover \$6.8 million in debts it paid off without the court's permission after filing for protection under bankruptcy laws.

Italian State Bank to Cut Prime Rate on April 1

MILAN — The state-controlled Banca Commerciale Italiana said Friday that it was reducing its prime rate to 15.25 percent, effective April 1. Its current rate is 16 percent.

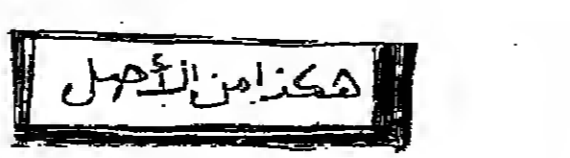


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Herald Tribune





SPORTS

Paris Is Putting More Than Best Foot Forward in Seeking 1992 Olympics

By Ron Wall

PARIS — Paris has launched its campaign to entice the Olympics here in 1992, and is counting on its reputation as the City of Light to help its bid.

Between now and Oct. 17, when the 92 International Olympic Committee members meet in Lausanne, Switzerland, to choose a venue for the Games, the Parisians will have spent more than \$8 million courting international opinion.

There is no denying that Paris is very appealing, and purely sporting considerations are not the only ones taken into account when Olympic cities are chosen.

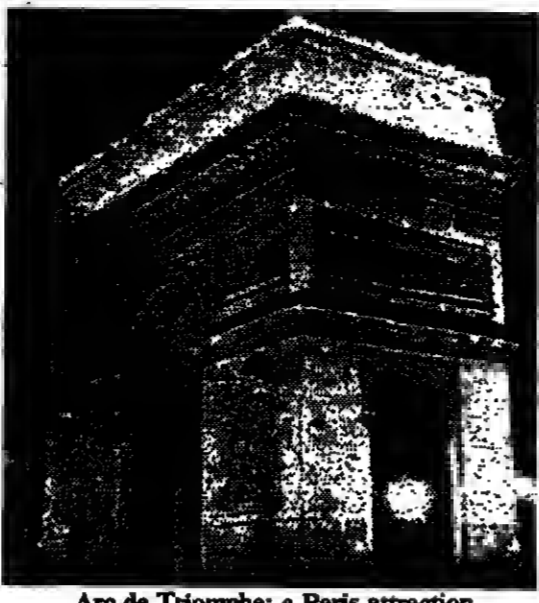
However, day one of the publicity campaign got off to a less than successful start this past week when Alain Danet, who is fronting the Paris bid, decided to spend more than an hour talking to 50 foreign journalists in French.

Danet, a 54-year-old architect, is president of the prestigious Racing Club, which had 25 athletes at the Los Angeles Olympics. He speaks perfectly good English, and by week's end, after numerous complaints, he was speaking to reporters in English.

But the first day's translation in the Paris architect's offices was too low and two-thirds of the reporters invited failed to understand a word of what they were being told.

Language barrier aside — English-speaking members of the IOC outnumber French speakers by 43-11 — Paris is a near-perfect site for the Olympics from the television companies' point of view. Where else can the cameras pan the Champ de Mars, where Napoleon's regiments trooped the colors, with the Eiffel Tower in the background.

However, who would have imagined Sarajevo would get the 1984 Winter Games — even the Yugoslavs were shocked — or that Seoul would be chosen ahead of the Japanese city of Nagoya for the next Games in 1988.



Arc de Triomphe: a Paris attraction.

Paris says it wants the Games in 1992 or not at all, and since Athens appears to have fallen out of favor in Olympic circles, officials in Greece refuse to get involved in the new marketing deal — until 1996 should be available for one of the runners-up. Paris points out that 1992 coincides with the centenary of a speech by Baron Pierre de Coubertin, in the Sorbonne university lecture hall, that started the modern Olympic Games. The first modern Games were held in Greece in 1896.

Barcelona, which has been waging its campaign for the last two years, and will have ousted Paris by October, still is considered the favorite for 1992. Falun, Sweden, appears the front-runner for the Winter Games.

But the Parisians are making a powerful homestretch effort. The recent elections, which gave Jacques Chirac a country as well as a city to run, have even given them a prime minister as flag bearer.

Prime Minister Chirac gave his guests a rallying speech at the imposing city hall, stressing the prestige of Paris, the technical quality of the French facilities and the reception they would be able to offer visitors.

Another strong personality in the Paris bid is Monique Berlioux. The 61-year-old former director of the IOC, who lost her job after a quarrel with IOC President Juan-Antonio Samaranch last year, knows well how to deal with IOC members.

She is spending her weekends compiling an eagerly-awaited book on the Olympics, although a reported golden handshake from the IOC was supposed to have precluded anything too revealing.

Historical monuments aside, Paris presents a very good case. As Danes pointed out, all the event sites were picked by the international federations.

Three-day eventing and modern pentathlon, 40 miles (63 kilometers) out at Fontainebleau, would be the furthest away save for yachting, which would be held at the Mediterranean resort of Hyères. Danet conceded the coastal advantage held by Brisbane, Barcelona and Amsterdam in this respect.

But in Paris only an athletics stadium and swimming pool need to be built and, if the environmentalists do not object too loudly, the disused Pershing stadium — named after the World War I U.S. general — in the Vincennes forest should be transformed into a futuristic arena.

That offers the advantage of being alongside the national sports institute, which would provide convenient training facilities. The pool would be in the village.

The initial 8-billion-franc (\$1.14-billion) budget leaves only 2 billion francs to be raised. Of that, the state would pay half, and the rest would be shared by the city of Paris and the regional council.

However, the fall in the dollar might call for a few revisions. When Paris drew up its initial budget, 16 months ago, officials hoped to raise 4 billion francs from television rights. That worked out to \$444 million then. It comes to \$570 million now and, as Seoul can testify, that sort of price tag would need some hard bargaining.

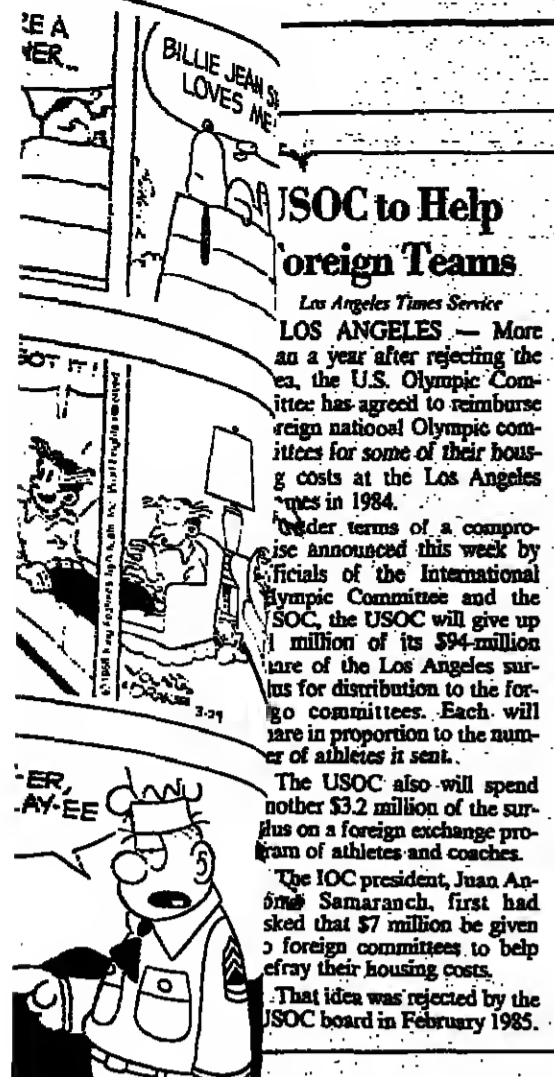
The South Koreans had to settle for \$300 million, signing their contract with NBC this week.

Paris, if it gets them, plans to stage the Games in the first two weeks of August, when a third of the city has deserted the capital for the beaches and the countryside, thus allaying fears of traffic jams. In any case, Danet pointed out, the metro, or subway system, and road links would be able to handle the expected influx of visitors. One East-West freeway beside the river Seine would be blocked off for exclusive Olympic use.

Speculation that Paris would put pressure on the skiing resort of Albertville to step down as a candidate for the Winter Games — to make it easier for the French capital to get the Summer Games — was discounted.

If Albertville were to win the poll it is highly unlikely France would be given both Summer and Winter Games in the same year.

But both Danet and Michel Barnier, who heads the Albertville bid, have denied there will be any collusion. "It's up to the IOC to choose between us," Barnier said.



USOC to Help Foreign Teams

LOS ANGELES — More than a year after rejecting the U.S. Olympic Committee's offer to reimburse foreign national Olympic committees for some of their housing costs at the Los Angeles Games in 1984.

Under terms of a compromise announced this week by officials of the International Olympic Committee and the USOC, the USOC will give up million of its \$94-million surplus for distribution to the foreign committees. Each will receive in proportion to the number of athletes it sent.

The USOC also will spend another \$3.2 million of the surplus on a foreign exchange program of athletes and coaches.

The IOC president, Juan Antonio Samaranch, first had asked that \$7 million be given to foreign committees to help defray their housing costs.

That idea was rejected by the USOC board in February 1985.

Kenya Course Still Covers Tough, Spectacular Terrain

NAIROBI — Drivers in this year's Safari Rally, billed as the world's toughest motoring event, will have to look out for roaming Kenyan wildlife and the occasional one-throwing villager, as usual.

But the 76 cars entered in the fifth annual rally, which was to begin Saturday, will have a shorter course to complete — a modification that has some die-hard fans and competitors up in arms.

The Safari Rally has been trimmed by 620 miles (1,000 kilometers) for safety's sake and at the urging of the Paris-based International Motor Sport Federation, FISA, according to Kenyan officials. The breakneck run to the Indian Ocean coast has been eliminated.

Nick Nganga, chairman of the Safari Rally, said the 2,614-mile, three-leg race still would be "slightly longer than most of the European rallies."

But Shekhar Mehta of Kenya, a five-time winner, complained, "People come here because it is tough, so why make it easy?" Despite the changes — which include the start Saturday instead of the Thursday before the Easter — this year's rally still will be a bone-jarring, five-day ride over some of the most spectacular and treacherous terrain in Africa. Last year, only 19 of the 71 starters finished.

The course skirts Kenya countryside that has enthralled audiences of the film "Out of Africa." Along the way, drivers must be wary of the occasional angry villager who stand at the roadside and pelt passing cars with rocks. Wildlife and domestic animals sometimes stray onto the roads.

Ari Vatanen of Finland hit and killed two zebras in separate incidents in 1983, but still won. Also in prospect will be torrential downpours as the rally season gets under way.

The event is a test of a driver's skill and a car's endurance. Control checks along the course monitor the cars' adherence to the route and timetable. Drivers are penalized a point for every minute they are late at a time control and two points for every minute early.

The Safari Rally field ranges from local enthusiasts to full-time rally drivers piloting the powerful "works" cars sponsored by leading automobile manufacturers.

The works entries this year are Peugeot, Volkswagen, Lancia, Toyota, Daihatsu and Subaru.

The Safari Rally began in 1953 as the Coronation Safari, a celebration of the coronation of Queen Elizabeth II. At that time, the course included Tanzania and Uganda.

Today, the rally is the fourth stop on the 12-event world rallying circuit. There is more prestige than money for the winner. First prize is just under \$2,000.

But automakers are willing to spend tens of thousands of dollars on drivers and cars to show the toughness of their products.

Toyota will be trying this year for its third consecutive win. In 1985, Juhani Kakkunen of Finland powered his Toyota Celica Turbo to victory in his first Safari Rally.

Kakkunen switched to the Peugeot team in 1986 and is paired with a fellow Finn, Juhani Piironen, in a four-wheel-drive 205 T16 in this year's Safari Rally.

The Toyota challenge will be led this year by Bjorn Waldegaard of Sweden, the 1984 winner.

Mehta, who won in 1973 and 1979 through 1982, is back, driving a Peugeot 205.

Knicks Suffer New Injury, Another Loss

NEW YORK — While the Dallas Mavericks have continued to improve every season of their six-year existence, the New York Knicks' situation seems to get worse every day.

The Mavericks, who got 38 points from Mark Aguirre while beating the Knicks on Thursday night, 110-105, clinched a playoff berth and won their 11th game in one month for the first time since coming into the National Basketball Association in 1980.

The Knicks' guard, Rory Sparrow, broke an ankle in the first quarter and became the sixth New York player to be lost for the season because of injury. The team's 22-52 record is the worst in the NBA.

"I don't believe in jinxes," said the Knicks' coach, Hubie Brown. "It's a credit to the staff and players of this team that they compete to the best of their abilities and don't give up."

Five victories in their last nine games will give the Mavericks one more triumph than last season and mark the fifth consecutive year they have improved from one season to the next.

"I don't think the players know going in that we needed a win to clinch, and I'm glad, because if they did, they would have played tentatively," said the Dallas coach, Dick Motta, whose team is in fourth place in the Western Conference.

Aguirre scored 21 points in less than 10 minutes of the first quarter as the Mavericks outscored the Knicks, 37-26. In that period, Aguirre was 8-for-11, with three three-point goals.

"We clinched the playoffs with this victory, but I hope Mark stays hot because we need to keep winning to protect our home-court advantage," Motta said. "He was in a groove, that's for sure. When he's got it going, some of those long ones are like layups for him."

Sparrow joins Patrick Ewing, Bernard King, James Bailey, Bill Cartwright and Pat Cummings on the disabled list for the Knicks. Sparrow, the only guard on that list, collided with Dallas' Derek Harper, then apparently stepped on a teammate's foot and fell.

"I want to get out of this building before the epidemic spreads to us," Motta said. When Cummings, a former Maverick, approached Motta after the game, the coach said jokingly, "Stay away from me."

The Knicks, with center Ken Bannister scoring 35 points, 11 more than his previous high in the NBA, stayed in the game despite falling behind by 75-56 in the third quarter.

But a 17-5 spurt for the Knicks, with Bannister scoring 6 and Trent Tucker 7 of his 19 points, narrowed the deficit to 80-73 later in the third period. A 10-2 run in the fourth quarter helped the Knicks twice get within four, but that was as close as they got as Aguirre made three key baskets down the stretch.

"To my knowledge," said Dr. Charles Brown, medical coordinator for the camp, "every player submitted in the test."

The results of the tests, according to Tom Healion of the National Scouting Combine, were given only to the teams, not the players. Players were asked to sign a release that gave the medical personnel conducting the tests permission to forward the information to the clubs.

Healion said, however, that a player could get the results if he asked for them.

After the hearing Mudd said, "We were not treated fairly."

He contested the times taken by officials who had clocked him and Arai at more than 45 seconds on at least four of their shots.

The threesome playing behind Mudd's group finished almost 20 minutes after it.

However, the PGA Tour does not put importance upon initial time for a round as much as on time taken to hit shots during a round.

But, as Weibring and Pelz both admit, "It may be ugly."

The PGA tour, however, issued a directive Tuesday that it would continue to permit the club's use on tour until such time as the suit is decided.

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One version of the putter has a blade in front that is 2 1/2 inches (5.4 centimeters) long and a blade behind the three golf balls that is 5 1/2 inches long. According to the USGA ruling, this version of the putter does not conform to rule 4-1d, which says in part that

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